NSAA

NATIONAL SKI AREAS ASSOCIATION

ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS

by
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Graduate School of Business Administration
University of Colorado
Boulder, Colorado

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ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS

1978-79

EXECUTIVE SUMMARY

This 1978-79 survey is the eleventh economic report to the ski industry. The data represent ski areas possessing approximately 50 percent of the ski area capacity of the nation. If the balance of the areas had similar experiences, the ski industry accommodated 45 million skier visits, processed gross revenues of $654 million, and provided payrolls of $145 million.

This report follows the format of the previous reports to increase comparability and standardize measurements.

Response

The 1978-79 survey is based on complete and detailed financial data from 124 ski areas, a 9 percent increase from the 1977-78 study.

Profitability

The 1978-79 ski season was the second most profitable one in the 11 years of this study. The ski industry recorded an average 13.8 percent operating profit as a return on Gross Fixed Assets, down slightly from 16.2 percent in 1977-78. Eighty-three percent of the respondents reported profits. The average before tax profit was $378,000.

Utilization

Utilization remained essentially the same at 43.9 percent. Equivalent days/nights of operation decreased slightly to 131. The measurement of capacity and utilization has again undergone some changes in definition; thus, comparisons with prior years are less meaningful.

Revenue

Average revenue per skier-visit increased 8.9 percent to $9.96. Average total revenue was up 12.2 percent to $1,953,000. This gain, although modest, illustrates a healthy stability.

Average adult weekend ski lift ticket prices were up 10.4 percent to $10.89.

Expenses

Cash operating costs averaged $3.00 per skier capacity per equivalent operating day/night. This critical measure is up 26.6 percent from the $2.37 of 1977-78.

Highlights At a Glance

		By Profitability		
	1978-79 Respondents (000)	Top Half (000)	Bottom Half (000)	Loss (000)
Gross Fixed Assets	$3,593	$5,015	$2,944	$1,649
Total Revenue	2,648	4,424	1,657	656
Less: Operating Expenses	2,153	3,361	1,501	742
Operating Profit (Loss)	495	1,063	156	(86)
Less: Interest	117	170	99	34
Profit (Loss) Before Tax	$ 378	$ 893	$ 57	($ 120)
Number of Respondents	(124)	(52)	(51)	(21)

Summary

The 1978-79 ski season was the second best in history. While nation-wide profitability levels dropped below that judged adequate to compensate for the risks, this trend varied significantly by geographic region. The Central Rockies areas enjoyed record profitability, and the California/Nevada areas continued to show healthy trends. The Midwest recorded a major drop in profitability.

Average profitability over the past five ski seasons, using the measure operating profits on Gross Fixed Assets, increased slightly to 11.0 percent. The most alarming trend finds operating costs increasing faster than revenues, causing a squeeze on profits.

THE SKI AREA DOLLAR

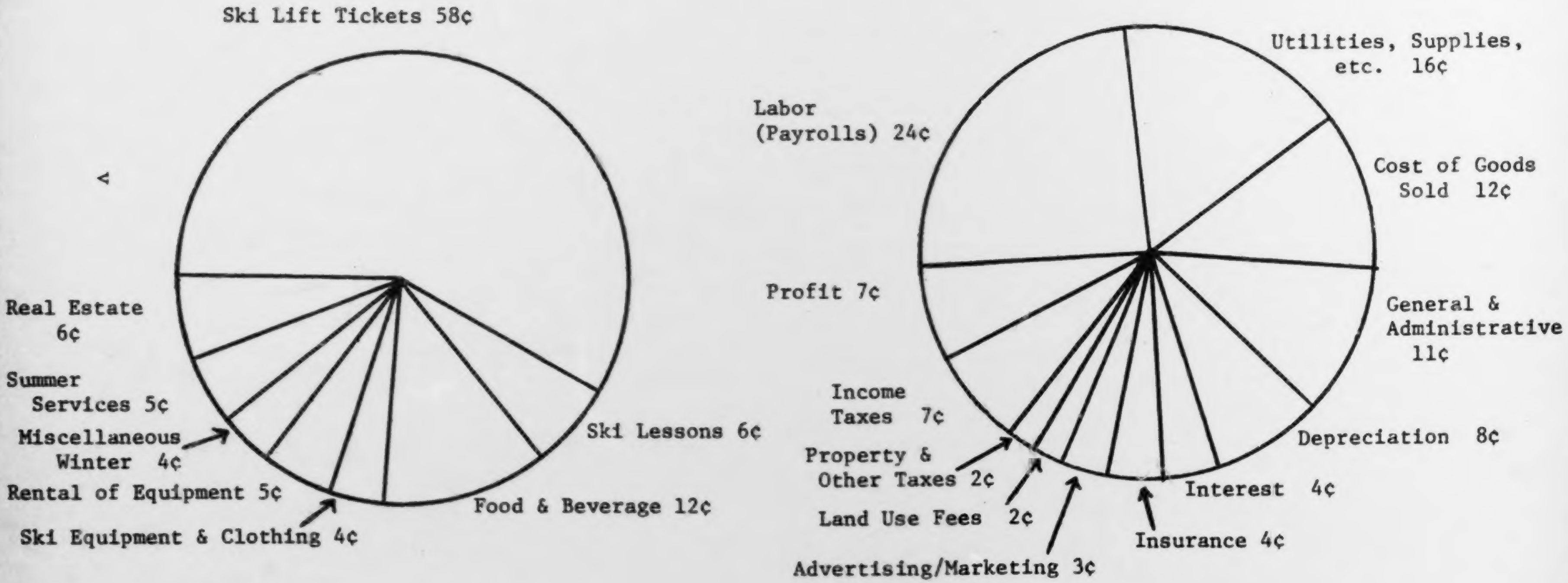
Table A and the following eight pie charts illustrate the sources and uses of the ski area customer's dollar for the 1975-76, 1976-77, 1977-78, and 1978-79 seasons.

TABLE A

THE SKI AREA DOLLAR

	1975-76 Season	1976-77 Season	1977-78 Season	1978-79 Season
What It Buys				
Ski Lift Tickets	$ 0.60	$ 0.54	$ 0.58	$ 0.58
Ski Lessons	.07	.06	.07	.06
Food and Beverages	.10	.12	.11	.12
Ski Equipment and Clothing	.04	.06	.05	.04
Rental of Equipment	.05	.05	.05	.05
Miscellaneous (Winter)	.04	.05	.04	.04
Summer Services	.05	.07	.06	.05
Real Estate	.05	.05	.04	.06
	$ 1.00	$ 1.00	$ 1.00	$ 1.00
What It Pays For				
Labor (Payrolls)	$ 0.25	$ 0.28	$ 0.23	$ 0.24
Utilities, Supplies, Maintenance, etc.	.13	.17	.16	.16
Cost of Goods Sold	.11	.11	.11	.12
General and Administrative	.13	.16	.11	.11
Depreciation	.10	.12	.08	.08
Interest	.07	.08	.05	.04
Insurance	.03	.05	.03	.04
Advertising/Marketing	.04	.05	.03	.03
Land Use Fees	.02	.01	.02	.02
Property and Other Taxes	.02	.02	.02	.02
Income Taxes (50%)	.05	-	.08	.07
Profit (50%)	.05	(.05)	.08	.07
	$ 1.00	$ 1.00	$ 1.00	$ 1.00

THE SKI AREA DOLLAR
1978/79



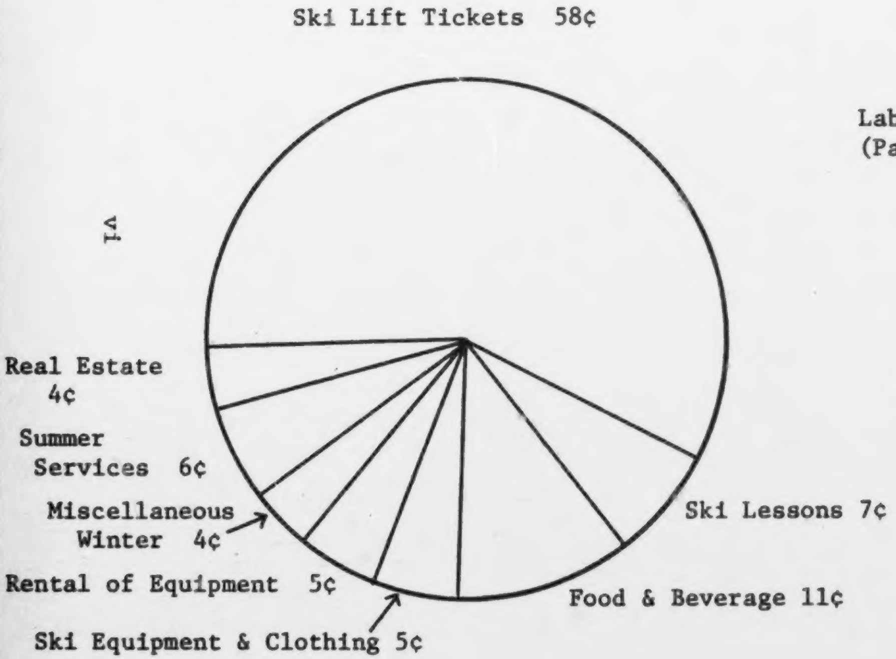
What It Buys

What It Pays For

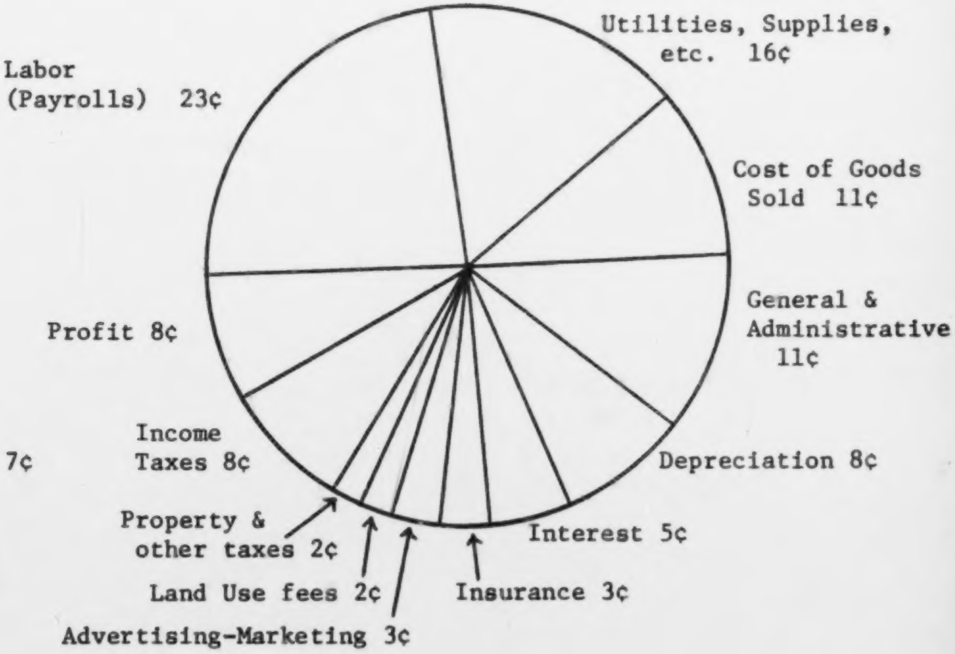
Source: Table A.

THE SKI AREA DOLLAR
1977/78

What It Buys

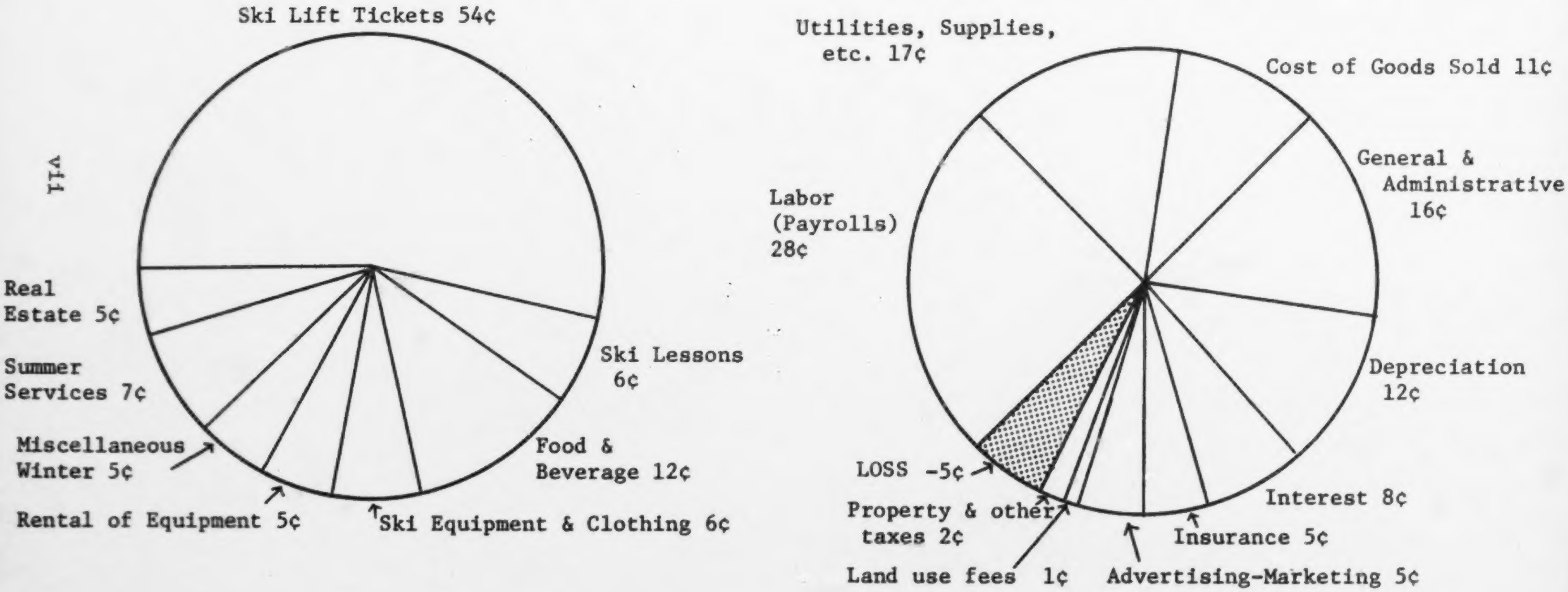


What It Pays For



Source: Table A.

THE SKI AREA DOLLAR
1976/77

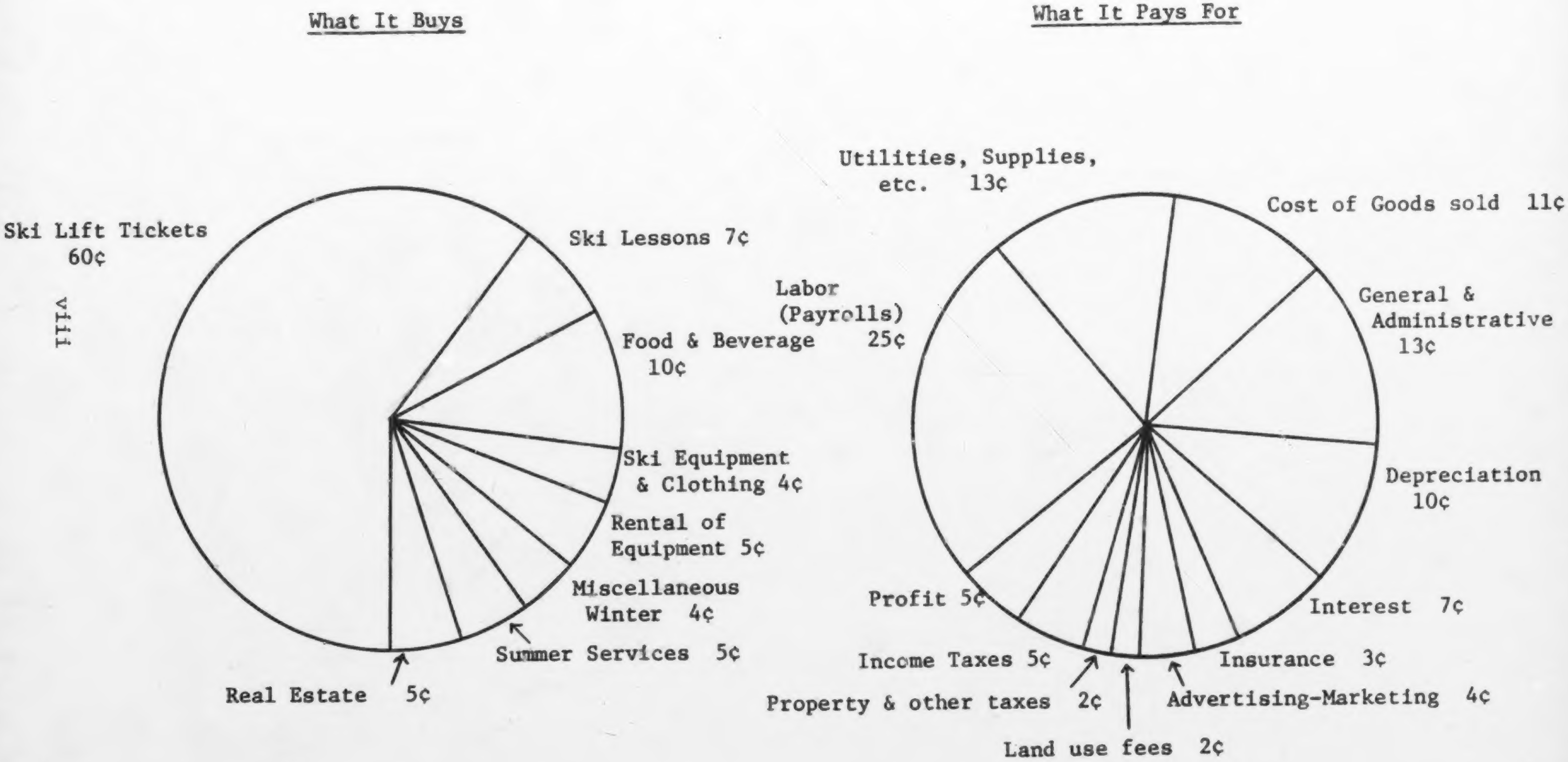


What It Buys

What It Pays For

Source: Table A.

THE SKI AREA DOLLAR
1975/76



What It Buys

What It Pays For

Source: Table A.

COMMENTS FROM AROUND THE COUNTRY

NATIONAL SKI AREAS ASSOCIATION
Cal Conniff, Executive Director

With business ranging from the best ever to marginal in the ski regions of the country, the 1978-79 season averaged out as very good for the ski area industry as a whole. The eastern region was the only "soft spot" due to a less than favorable weather pattern. Despite this, some ski areas in the east managed to have a decent season.

Optimism about the future continues to prevail--as it should. There is every indication that new entries to the sport continue at a healthy pace. In the summer of 1979 ski areas across the nation spent in excess of 100 million dollars on expanded facilities including lifts, snowmaking equipment, new slopes, on-mountain building facilities, and grooming equipment. Sizable peripheral investments were made in lodging facilities, restaurants, condominiums and vacation homes.

Coping with inflation is probably our number one concern. Fortunately, in recent years most ski area operators have become more sophisticated in utilizing modern business practices, and are thus better equipped to ride out the inflationary period we are now in.

As consumer discretionary income becomes ever tighter, it is absolutely imperative that every ski area operator extend the very best service possible to their customers. Seeing to it that our customers have a satisfying quality skiing experience is an absolute necessity in competing for the recreation dollar.

VERMONT
George Donovan, Chief of Research, Agency of Development and Community Affairs, State of Vermont

The 1978-79 season got off to a record start in December and part of January, but extremely cold weather for two weeks in mid-February and mild weather in March served to keep the total number of skiers somewhat below the number in the previous year. The total number of skier visits (alpine) is estimated at 3.2 million, some 11 percent less than for the 1977-78 season. Corresponding skier expenditures are estimated at $109 million compared to $115 million a year ago. Out-of-staters spent about $39 per day each, stayed an average of 3 days, and averaged 3 persons per trip.

CENTRAL SKI AREAS ASSOCIATION
Ralph Smith, Executive Director

Skiing in the western part of the region started with excellent snow and snowmaking conditions. The season appeared to be taking on record-breaking momentum. However, cold weather moved in during January and made its impact on midwest skiing with many areas reporting skiing activity down.

To the east, areas in and around the Chicago/Milwaukee markets suffered from too much snow during mid-season, making travel extremely difficult.

The lower Michigan ski areas suffered from other problems, no natural snow and poor snowmaking weather.

In the final analysis, it was not the best ski season in the central part of the U.S. with dollar volume and skier days off from previous years.

COLORADO SKI COUNTRY USA
Garry Mitchell, President

Continuing a trend established many years ago, the 1978-79 season set records in several categories for the Colorado areas:

- It was the coldest winter since 1914, a factor which had a negative impact on skier visits in December, 1978, and early January, 1979.
- An average compiled seasonal snowfall of 247 inches, 25 inches more than the previous season, giving a healthy impetus to skiers and the ski business alike.

As a result of these factors and others, and the apparent continuing national and international demand for skiing, Colorado's 29 ski areas again set the nation's record for lift tickets issued--7,215,316, an 8.5 percent increase from 1977-78 high of 6.65 million.

Despite all of these glowing statistics, the industry has concerns about the impacts of double digit inflation and the rising costs and dwindling availability of energy supplies. In addition, as the demand for outdoor recreation continues, there is a somewhat alarming "crunch" on the various facilities which are the essential elements of a day or week of skiing. Airports, highways, parking lots, ski lifts and ski trails are often swollen beyond their reasonable capacity at various points on a given day in the season; and it is unlikely that the 1980s will bring any significant expansion in supply to meet the ever-present demand. This will place new and critical emphasis on management in both the public and private sectors, and will undoubtedly force either or both to seek solutions not envisioned even a half decade ago.

Given these challenges, the ultimate solutions lie in: (1) the development of a vastly improved, expanded and well-managed public transportation system to alleviate automobile congestion and to lessen our dependence upon fossil fuels; (2) a change in work and vacation patterns so that Saturdays and Sundays will not bear the brunt of a society frozen in an outdated work ethic; and (3) a recommitment to the wisdom of this country's first chief of the U.S. Forest Service, Gifford Pinchot, who said:

> "There are many great interests on the National Forests which sometimes conflict a little. They must all be made to fit into one another so that the machine runs smoothly as a whole. It is often necessary for one man to give way a little here, another a little there. But by giving way a little at present, they both profit by it a great deal in the end.
>
> "National Forests exist today because the people want them. To make them accomplish the most good, the people themselves must make clear how they want them run."

MONTANA

Robert S. Macdonald, Bridger Bowl

Montana had an average snow winter, but experienced some of the coldest weather in memory during the Christmas holiday time. The extreme cold depressed the financial performance of many areas; Red Lodge, Big Mountain and Bridger experienced record-breaking seasons, while Big Sky and Showdown experienced a loss of skiers because of the protracted cold spell.

Construction plans for this summer throughout Montana are rather modest with only one new chair lift planned for the state.

The only snowmaking installation in Montana never operated last year because the system was buried by a September snow storm before it could be completed.

Montana continues to be a fairly well kept secret as far as out-of-state skiers are concerned. The Big Mountain and Big Sky are the only areas drawing out-of-state clientelle. Most areas find most of their customers from within the treasure state.

Ski Yellowstone, after many years of planning, is still waiting a final go-ahead before its development on Mt. Hebgen gets underway.

PACIFIC NORTHWEST SKI AREAS ASSOCIATION
Mel Borgersen, Executive Director

Skier visits in the Pacific Northwest increased approximately 6 percent during the 1978-79 season over the previous record winter on the basis of reports from 35 ski areas.

The total lift revenues for these 35 ski areas located in Washington, Oregon, Western Idaho and British Columbia were up 10.1 percent.

Local and regional weather patterns during the 1978-79 winter produced vastly different results for individual ski areas. Eighteen ski areas reported decreases in lift revenue and 17 reported increases.

The decreases ranged from a nominal 3.7 percent to 71.3 percent. The dollar amounts showed decreases of $6,000 to $740,000. Revenue increases ranged from $1,700 to $1.3 million.

Cold weather and early storms brought snow to the Coastal Ranges (November 17 and 18) to most ski areas located east of the Cascade Crest. Strong winds deposited the snow in gullies and forested areas and left many ridges and exposed trails bare.

Continuing cold weather provided below average snowfall in late November and early December. Some ski areas had difficulty farming their slopes, and heavily skied trails soon were worn thin.

Ski areas on the summit and west side of the Coastal Range had unusually heavy snowfall on December 5, 1978, which temporarily closed two mountain passes in Washington.

On February 12, 1979 the Associated Press reported Washington, Oregon and Idaho had had temperatures which have been the coldest of this century. The surface of the Columbia River was frozen in places for the first time in 28 years.

On two occasions in February, extreme avalanche conditions temporarily blocked mountain passes.

Despite the unusually long and severe cold spell, and the temporarily closed passes, many ski areas set new records for daily attendance, and for the season attendance.

The percentage increases enjoyed by certain ski areas close to large metropolitan centers were 32 percent, 39 percent, 41 percent, 53 percent, 54 percent, 85 percent, 88 percent, 155 percent, 368 percent, and 2,067 percent.

The variation in weather and snow conditions within the geographic region was the greatest experienced for many years.

One ski area, Timberline Lodge, Mt. Hood, Oregon, will no doubt set a new record for the annual skier visits, as they inaugurate 12-month a year skiing starting in 1979.

SIERRA SKI AREAS ASSOCIATION

Bob Roberts, Executive Director

Ski area operators in the Sierra enjoyed a strong year. Although the early season was marked by marginal snow, and gasoline woes cut spring skiing dead at Easter, the heart of the winter brought out the skiers. The skier day count equalled the six million level of last year. Two Southern California areas each generated over 500,000 skier days, demonstrating the power of excellent snow and a huge local market.

PREFACE

The Business Research Division is pleased to present another edition of the NSAA Economic Analysis of North American Ski Areas in its tourism and recreation report series. The reader will find this study, covering the 1978-79 season, has followed the format of the previous reports for ease in comparison.

The 1978-79 ski season turned out to be the second best in history in spite of unfavorable weather conditions in the midwest and east which hampered those regions' performance. The best year was the 1977-78 season which saw uniformly good weather for skiing across the nation. However, one only has to go back to 1976-77 to find a bad year where many ski areas in the west were faced with a major snow drought. Readers are urged to utilize the 1978-79 data in conjunction with previous studies to obtain a more realistic picture of the industry over time.

The Economic Study Committee again asked the ski areas to identify themselves on the questionnaire, which made it possible to have a more efficient follow-up. Calls to areas for small bits of missing financial data enabled us to utilize the majority of the questionnaires, compute ratios, and do other types of analysis which are not possible when any key data elements are missing. Also, only areas that provided 12-month financial data were included so comparisons would be as meaningful and consistent as possible. The survey response resulted in 124 areas providing complete financial data.

Any comments, questions or suggestions for improvement of the survey should be directed to Charles R. Goeldner, Director, Business Research Division, University of Colorado, Boulder, Colorado 80309; or Peter Sullivan, Aspen Skiing Corporation, Aspen, Colorado 81611.

ACKNOWLEDGMENTS

This study would not have been possible without the help of many parties. Special acknowledgment is made to the NSAA Economic Study Committee: Peter Sullivan, Aspen Skiing Corporation, Chairman; Ted Farwell, Ted Farwell and Associates; Mel Borgersen, Borgersen and Associates; James Branch, Sno-engineering; Thor Groswold, Winter Park; Nick Hackstock, Copper Mountain; Bob Macdonald, Bridger Bowl; Doug Young, Waterville Valley; David Carto, Snow Trails; Glen Paulk, Steamboat; and Cal Conniff, NSAA, for their assistance with the development of the survey and its subsequent analysis. Members of the committee traveled great distances and gave generously of their time. While all contributed, special mention goes to Ted Farwell for his help in preparing the report and to Peter Sullivan and Cal Conniff for handling administrative details.

Special thanks go to Bob Duea, Gloria Day, Karen Dicke and David Murphy of the Business Research Division staff for their efforts in making computer runs, constructing tables, typing and printing against extremely tight deadlines.

Finally, our thanks go to the 124 ski area operators who furnished complete financial data and the additional 27 areas that provided comments, for without their participation the study would not exist.

C. R. Goeldner, Director
Business Research Division

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I

INTRODUCTION

This economic analysis of the ski industry represents the eleventh survey of the National Ski Areas Association (NSAA) members. Historically the first study was conducted by Sno-engineering, Inc. and reported data for the 1965-66 and 1966-67 seasons. It was followed by the Case and Company study which covered the 1967-68 season. These studies were followed by three United Bank of Denver studies covering the 1970-71, 1971-72, and 1972-73 seasons. In 1974 the Business Research Division, University of Colorado, was assigned responsibility for the study and produced the sixth, seventh, eighth, ninth and tenth ones covering the 1973-74 through 1977-78 seasons. Consequently, this report focusing on the 1978-79 season represents the eleventh effort. The survey was conducted by the Business Research Division in cooperation with the Economic Study Committee of NSAA.

Purpose and Objectives

The purpose of the annual surveys is to measure and describe ski industry physical and economic characteristics; to create financial yardsticks and economic ratios having a bearing on health, growth and profitability; and to present a picture of the financial performance of the ski industry.

Specific objectives are:

1. To allow ski area operators and others to examine the performance of the industry for the 1978-79 season.
2. To allow individual ski areas to compare their performance to appropriate industry norms and benefit from the experience of others.
3. To improve understanding of ski area economics.
4. To provide a historical perspective.
5. To assist in the planning process.

Methodology

The methodology utilized in the study was the mail survey method. A questionnaire was distributed to both NSAA member and non-member ski areas in June 1979. Follow-up action included additional mailings and telephone calls from Economic Study Committee members and the Business Research Division staff. Assistance was also provided by NSAA headquarters and regional ski area associations in an effort to gain cooperation and participation.

The questionnaire was revised in 1978-79 and contained 16 questions concerning various factual characteristics; one open-end question; and itemized requests for revenue, expense, profit (loss) and balance sheet data pertaining to the 1978-79 ski season. A copy of the questionnaire is contained in Appendix B.

Completed questionnaires were coded, key-punched and summarized using the Statistical Package for the Social Sciences (SPSS) program on the University's CDC 6400 computer. In cases where tables in the report do not add to 100 percent, it is due to rounding.

Sample Response and Validity

The survey contained information on both area characteristics and financial data. Table 1 shows the geographic breakdown of the 124 areas furnishing complete data.

TABLE 1

GEOGRAPHIC LOCATION OF RESPONDENTS

	Number		Number
New England		Central Rockies	
Maine	3	Colorado	17
Massachusetts	3	New Mexico	7
New Hampshire	8	Arizona	1
Vermont	5		25
Connecticut	1		
Quebec, Canada	1	Northern Rockies	
	21	Alberta, Canada	2
		South Dakota	1
East		Montana	6
New York	8	Utah	4
North Carolina	2	Idaho	1
Pennsylvania	3	Wyoming	2
West Virginia	1		16
Ontario, Canada	2		
	16	California and Nevada	
		California	10
Midwest		Nevada	2
Illinois	2		12
Michigan	6		
Minnesota	6	Pacific Northwest	
Ohio	1	Idaho	2
Wisconsin	4	Oregon	6
Indiana	1	Washington	5
	20	Alaska	1
			14

Usable responses were obtained from 124 ski areas. The 124 areas providing complete financial data represent an increase over the 1977-78 study, which included 114 ski areas. Table 2 summarizes this financial sample.

TABLE 2

SAMPLE RESPONSE BY CAPACITY
(000)

Region	Total VTF/Hour	Sample VTF/Hour	Percent Response
New England	247,119	103,077	41.7%
East	194,398	52,986	27.3
Midwest	114,080	40,865	35.8
Rockies	340,032	245,846	72.3
West	306,341	153,362	50.1
	1,201,970	596,136	49.6%

Table 3 provides a measure of the validity of the 1978-79 study response by comparing capacity represented with the 1977-78 responses. The 114 ski areas with complete financial data in the 1977-78 study reported 522,641 VTF/hour and represented some 47 percent of total. This response has increased by 14.1 percent to represent 596,136 VTF/hour, or some 49.6 percent of increased total capacity.

TABLE 3

CHANGE IN EFFECTIVE RESPONSE
1977-78 VS. 1978-79
(000)

	1977-78 (VTF/Hour)	1978-79 (VTF/Hour)	Percent Change
New England	108,926	103,077	- 5.4%
East	36,569	52,986	44.9
Midwest	35,978	40,865	13.6
Rockies	213,923	245,846	14.9
West	127,245	153,362	20.5
	522,641	596,136	14.1%

Limitations

The most important limitation is that the study does not include all ski areas. While a response by ski areas containing some 49.6 percent of the uphill skier capacity in the nation is excellent, it may or may not be representative of the industry. Therefore, the data can accurately be interpreted as applying to only the 124 areas that responded. These areas are listed in Appendix A.

The authors believe that response was good due in large part to the acceptance of the past studies, follow-up efforts, and increased awareness of the practical value of the data. Non-respondents, however, could be weighted heavily by loss operations or by small operators who do not have a great interest in the study.

How to Use the Study

An understanding of the terms is essential to a proper understanding of the report. Definitions are included in Appendix C and the reader is urged to familiarize himself with these specifics prior to delving into the report.

Individual ski areas will benefit from conducting a comparative analysis. Most tables contain a column where ski areas may insert the data supplied on their questionnaires and relate their experience to the appropriate average figures. First, fill in your figures. Second, compute your critical financial ratios. Third, complete proportional analyses (percentages) based on both total revenue and gross fixed assets. Finally, with these measures compared to one or more of the appropriate geographic, size or profitability breakdowns, analyze your strengths and weaknesses. In general, concentrate on areas where your operations differ significantly from the averages.

A significant difference need not dictate a change; however, it does flag an area that requires your attention to either adequately rationalize the departure from the norm or to focus on methods of reducing the expense, increasing the revenue, or increasing the utilization.

Organization

The report is divided into ten chapters. General ski industry characteristics and trends over the past studies are contained in Chapter II. Ski area financial performance is covered in Chapter III. Chapter IV deals with the critical financial ratios. The details of profitability are discussed in Chapter V. Chapter VI discusses the various departments, their contribution and employment. Regional characteristics and differences are discussed in Chapter VII, while Chapter VIII contains a description of the industry broken down by type (day, weekend, vacation and weekend only), size and days of operation. Chapter IX discusses the characteristics of ski areas with snowmaking and those with night operations. Chapter X concludes the study by presenting the results of the open-end question dealing with 1978-79 season highlights.

The report contains four appendices. Appendix A lists the ski areas that responded to the survey, Appendix B presents the questionnaire used, Appendix C defines the terms used in the study, and Appendix D lists the members of the NSAA Economic Study Committee.

II

SKI INDUSTRY CHARACTERISTICS

Ski areas were asked 16 questions concerning factual characteristics about their operation. These characteristics are summarized in Table 4. Similar tables summarize these significant parameters by various geographic locations, size, profitability, type and days of operation, snowmaking, and night operation breakdowns in subsequent chapters.

The purpose of gathering this information was to examine industry characteristics and explore similarities and differences in an attempt to develop parameters to describe success or failure. Significant findings are discussed in this chapter.

Size

VTF/Hour

The average ski area contained 4,807,557 vertical transport feet per hour of uphill capacity, capable of comfortably handling crowds of 2,990 skiers. Operators reported an average peak day crowd of 3,648 skiers or 122 percent of comfortable capacity. Average VTF/hour was up slightly due to a growth in new capacity of 7.7 percent, and an increased response by larger areas. Figures shown in Table 2 (page 4) were developed from the 18th Annual Survey of New

TABLE 4

AVERAGE SKI AREA CHARACTERISTICS

	1978-79	1977-78	1976-77	1975-76	1974-75	USFS Permittees 1978-79
SIZE						
VTF/Hour (000)	4,808	4,585	4,287	4,174	3,884	5,776
Gross Fixed Assets (000)	$3,593	$3,085	$2,806	$2,566	$ -	$4,203
LOCATION						
Within 50 Miles of SMSA	37%	33%	35%	33%	35%	19%
With 6+ Areas in 1 Hour	27%	30%	27%	30%	30%	16%
New England	17%	21%	18%	18%	34%[a]	6%
East	13%	11%	13%	16%	-	0%
Midwest	16%	15%	17%	13%	15%	3%
Rockies	33%	32%	28%	29%	31%	56%
West	21%	21%	25%	25%	19%	35%
SITE CHARACTERISTICS						
Number of Beds at Base	726	703	656	817	774	1,227
Number of Beds (10 Miles)	2,161	2,454	2,313	2,423	2,769	2,972
With Snowmaking	58%	55%	46%	35%	40%	40%
Terrain: Beginner	24%	26%	26%	25%	28%	22%
Intermediate	51%	49%	48%	49%	49%	49%
Expert	25%	25%	26%	24%	23%	29%
With a Night Operation	36%	38%	35%	-%	-%	22%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	51%	47%	49%	54%	49%	100%
Engaged in Land Development	33%	32%	28%	29%	38%	29%
Annual Growth Rate (5 Years)	7%	6%	3%	8%	-%	7%
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	131	150	89	106	-	138
Average Peak Day Crowd	3,648	3,665	3,386	3,427	3,109	4,117
Average Skier Visits (000)	181	178	111	140	136	231
Average Age of Ski Areas	22 years	26 years	20 years	17 years	16 years	21 years

TABLE 4 (Continued)

AVERAGE SKI AREA CHARACTERISTICS

	1978-79	1977-78	1976-77	1975-76	1974-75	USFS Permittees 1978-79
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	$ 9.96	$ 9.15	$ 8.30	$ 7.82	$ 7.10	$10.14
Average Lift Ticket Revenue/Skier Visit	$ 8.47	$ 7.58	$ 6.79	$ 6.63	$ 6.04	$ 8.89
Average Adult Lift Ticket Price:						
Weekend	$10.89	$ 9.86	$ 9.07	$ 8.52	$ 7.94	$10.80
Weekday	$ 9.61	$ 8.56	$ 8.01	$ 7.64	$ 7.00	$10.26
Average Night Ticket Price	$ 6.08	$ 5.85	-	-	-	$ 6.30
Average Adult Season Ticket Price	$ 218	$ 197	-	-	-	$ 238
Average Utilization	44%	40%	37%	46%	37%	48%
Average Profit (Loss) Before Tax (000)	$ 378	$ 389	($ 65)	$ 158	$ 181	$ 554
Ratio: Revenue/GFA	54%	56%	35%	45%	44%	59%
Base	(124)	(114)	(127)	(115)	(140)	(63)

[a] New England and Northeast geographic areas are combined into New England in the 1974-75 season.

Note: The 1975-76, 1976-77, 1977-78 and 1978-79 data is based on the financial sample, whereas previous years' data is based on the full sample.

Lifts (Ski Area Management, Winter 1979) and indicate a growth of 85,644,000 VTF/hour, up 7.7 percent over 1977-78.

Table 5 contains a comparison with previous studies. Ski areas in the 1978-79 study varied in size from a low of 375,000 VTF/hour to a high of 24,220,000 VTF/hour.

TABLE 5

VTF/HOUR CAPACITY

VTF/Hour (000)	1978-79 Number of Areas	1978-79 %	1977-78 Number of Areas	1977-78 %	1976-77 Number of Areas	1976-77 %
0 - 499	1	0.8%	0	- %	2	1.6%
500 - 999	7	5.6	4	3.5	14	11.0
1,000 - 2,499	34	27.4	36	31.6	35	27.6
2,500 - 4,999	45	36.3	41	36.0	40	31.5
5,000 - 9,999	26	21.0	23	20.1	27	21.3
10,000 and Over	11	8.9	10	8.8	9	7.1
	124	100.0%	114	100.0%	127	100.1%

Gross Fixed Assets (GFA)

Size is also measured in Gross Fixed Assets, the total undepreciated cost to create the ski area. Average GFA is $3,593,315, representing an average cost of $1,202 for each skier accommodated daily. (Defined in the economic ratio section as the Capital Cost/Capacity Ratio.) The smallest ski area responding had GFA of $118,000, while the largest had $23,802,000.

Type

One descriptive method of differentiating ski areas is by markets. Most areas serve a specific functional market while a number will serve more than one. Areas were asked to classify themselves as "day," "weekend," "vacation" or "weekend only" types. Classification as a day area is the largest in the East and Midwest, while vacation areas dominate in the Rockies. A higher proportion of the smaller areas are day oriented while the larger are vacation destinations.

Acreage

The average ski area contains 435 acres of developed ski slopes and trails. Currently these 435 acres support crowds of 2,990 skiers, creating an average density of 6.9/acre. Ski areas in the midwest accommodate skiers at the average density of 31.0/acre, and New England areas at 22.4/acre, while the Western areas vary from 6.9/acre to 2.5/acre. The following table summarizes this data.

TABLE 5A

SKI AREA ACREAGE AND CAPACITY

	Base	Average Acres	Calculated Capacity (Skiers)	Average Density (Skiers/Acre)
Total Sample	(124)	435	2,990	6.9
USFS Permittees	(63)	575	3,327	5.8
By Profitability				
Top Half	(52)	601	4,010	6.7
Bottom Half	(51)	378	2,652	7.0
Loss	(21)	192	1,288	6.7
By Geographic Region				
New England	(21)	146	3,272	22.4
East and Ontario	(16)	121	2,252	18.6
Midwest	(20)	66	2,043	31.0
Central Rockies	(25)	485	3,277	6.8
Northern Rockies	(16)	1,041	2,564	2.5
California and Nevada	(12)	708	4,872	6.9
Pacific Northwest	(14)	739	3,127	4.2
By Type				
Day	(61)	285	2,100	7.4
Weekend	(27)	424	3,185	7.5
Vacation	(33)	740	4,685	6.3
Weekend Only	(3)	39	702	18.0
Snowmade Areas				
New England	(16)	165	3,774	22.9
East and Midwest	(34)	93	2,127	22.9

Location

Geographic Location

Tables 1 and 2 illustrate the geographic dispersion of ski areas responding across the nation. Table 6 shows the proportion of areas and capacity (VTF/hour).

TABLE 6

LOCATION OF SKI AREAS

	Estimated Capacity	
	VTF/Hour (000)	%
New England	247,119	20.6%
East	194,398	16.2
Midwest	114,080	9.5
Rockies	340,032	28.3
West	306,341	25.5
	1,201,970	100.1%

Proximity to Metropolitan Areas

Travel is a critical variable to the success of ski areas. With the nation-wide speed limit of 55 miles per hour and a general limit on time for day and weekend outings, proximity to markets has become more important in the 1970s. Table 7 illustrates this critical relationship.

TABLE 7

PROXIMITY TO METROPOLITAN AREAS (SMSAs)

Miles to Nearest SMSA	Total Sample		Day	Weekend	Vacation	Weekend Only
	#	%	%	%	%	%
0 - 24 miles	16	13.1%	23.7%	7.4%	- %	- %
25 - 49 miles	21	17.2	23.7	7.4	12.1	33.3
50 - 74 miles	25	20.5	27.1	14.8	15.2	-
75 - 99 miles	20	16.4	8.5	25.9	24.2	-
100+ miles	40	32.8	16.9	44.4	48.5	66.7
	122	100.0%	99.9%	99.9%	100.0%	100.0%

Note that 75 percent of the day areas are within commuting distance (75 miles) while the bulk of the weekend areas require 2 or more hours of driving. Vacation destinations are typically in more remote locations where snow conditions are maximized, because with stays of 7 to 10 days, proximity is not critical.

Proximity to Other Ski Areas

Ski areas tend to be clustered near each other geographically. Part of this trend is due to natural conditions required, the terrain, snow conditions and climate. Part may be conditioned by the existence of regional airports, interstate highway access and the observed behavior of skiers who seek destinations where they may find a variety of skiing experiences. Table 8 illustrates the extent of this clustering.

TABLE 8

PROXIMITY OF COMPETITIVE AREAS

Number Within 1 Hour Drive	Total Sample #	Total Sample %	Profitability: Top Profit %	Profitability: Bottom Profit %	Profitability: Loss %
None	18	14.5%	17.3%	13.7%	9.5%
1	26	21.0	21.2	21.6	19.0
2-3	21	16.9	13.5	21.6	14.3
4-5	23	18.5	23.1	11.8	23.8
6+	34	27.4	23.1	29.4	33.3
No Response	2	1.6	1.9	2.0	-
	124	99.9%	100.1%	100.1%	99.9%

The comparison by profitability in Table 8 supports the observation that profitability increases at areas where clustering creates a more attractive package; however, the picture is not as clear as in previous years.

Site Characteristics

Lodging Facilities

Ski areas reported lodging capacity both in terms of beds at the base area and within 10 miles. Table 9 summarizes this data. The number of beds at the base ranged from 0 to 20,000.

TABLE 9

SKI AREA LODGING CAPACITY, 1978-79

Number of Beds	At Base #	At Base %	Within 10 Miles #	Within 10 Miles %
None	62	50.0%	23	18.5%
1-149	16	12.9	12	9.7
150-299	10	8.1	11	8.9
300-599	8	6.4	18	14.5
600-1,199	17	13.7	19	15.3
1,200+	11	8.9	41	33.1
	124	100.0%	124	100.0%

Ski areas with a large number of beds both at the base and within 10 miles proved both to enjoy higher utilization and better profitability.

Snowmaking

Snowmaking capability exists at 58 percent of the respondent areas, up from 55 percent in 1977-78. The average coverage is 67.2 acres and average operation is 795 hours annually.

Terrain

In general, 51 percent of the slopes and trails at ski areas responding are classified intermediate (or more difficult in standard NSAA terminology), while 24 percent are beginner (easiest) and 25 percent expert (most difficult).

Business Characteristics

Site Ownership

Sixty-four percent of the areas responding operate on public land. Fifty-one percent are under permit from the U.S. Forest Service, while 7 percent lease state land, 2 percent Canadian land, and 4 percent other public land. The average USFS permittee reports 83.4 percent of slope transport feet on leased land.

Table 10 illustrates the general pattern of site ownership. As would be expected, land ownership is closely associated with geographic location. Areas located wholly on private land are generally found in the East and Midwest, while areas located partially or wholly on public lands are located in the Rockies or the West.

TABLE 10

SITE OWNERSHIP

	Total Sample	New England	East	Midwest	Rockies	West
All Private	36.3%	38.1%	93.8%	75.0%	9.8%	11.5%
Public USFS Permit	50.8	19.0	-	10.0	85.4	84.6
State Land Lease	6.5	28.6	-	5.0	-	3.9
Canadian Lease	2.4	4.8	-	-	4.8	-
Other	4.0	9.5	6.3	10.0	-	-
	100.0%	100.0%	100.1%	100.0%	100.0%	100.0%
Base	(124)	(21)	(16)	(20)	(41)	(26)

Real Estate Operations

Forty-one ski areas (33 percent) responding are engaged in some land development. Interestingly, a larger proportion of eastern and midwestern areas than western areas report land development activity. See Table 11.

TABLE 11

REAL ESTATE OPERATIONS

	1978-79		1977-78	1976-77
	#	%	%	%
Engaged in Land Development				
Second Home Residential Sites	30	24.2%	26.3%	22.0%
Second Homes	10	8.1	-	-
Condominium Sites	26	21.0	23.7	20.5
Condominiums	19	15.3	-	-
Commercial Sites	18	14.5	16.7	15.7
Commercial Buildings	11	8.9	-	-
Not Engaged in Land Development	81	65.3	68.4	71.7
No Answer	2	1.6	0.0	1.6
Base	(124)		(114)	(127)

Operational Characteristics

Years in Operation

The average ski area respondent has been operating for 22 years. Table 12 summarizes ski area age. Only one new area (0.8 percent) has opened within the last five years. Only 8.9 percent have begun operations in the last 10 years.

TABLE 12

NUMBER OF YEARS SKI AREAS HAVE BEEN IN OPERATION

	1978-79		1977-78		1976-77	
	#	%	#	%	#	%
1-5 years	1	0.8%	2	1.8%	7	5.5%
6-10 years	10	8.1	7	6.1	10	7.9
11-15 years	24	19.5	33	28.9	27	21.3
16-20 years	32	26.0	31	27.2	37	29.1
21-25 years	19	15.4	11	9.6	13	10.2
26-30 years	6	4.9	5	4.4	13	10.2
31-35 years	13	10.6	5	4.4	3	2.4
Over 35 years	18	14.6	20	17.5	17	13.4
	123	99.9%	114	99.9%	127	100.0%

Length of Season

The length of the ski season is generally expressed in number of days/nights of operations and is one of the most critical variables in the success of ski areas. When so high a proportion of costs are fixed (i.e., depreciation, interest, property taxes, and management take some 45 percent of total costs) the longer the season the more opportunity to spread these over a greater revenue base.

The 1976-77 survey contained an upgrading of this vital statistic. Respondents were asked to provide their summary of daily operation in four categories: number of days at full operation, number of days with less than full but more than one-half of your mountain open and skiable, number of days with less than half of your mountain open and skiable, and the number of nights of operation. These breakdowns allowed the calculation of "equivalent" days of operation by weighting each response. Equivalent days of operation is the best estimate of the number of equivalent days that the ski area was fully open and skiable, a more accurate measure of capacity.

The 1978-79 survey contains an added adjustment to allow for the generally smaller night operations. Nights of operation were adjusted by the proportion of the ski area covered by lights and thus open for night skiing. In general, those ski areas with night skiing (36.3 percent) report night skiing capacity at 60 percent of day capacity. Thus, while the average ski area with lights was open 75 nights, this amounts to only 45 "equivalent days/nights" of full capacity operation.

Table 13 summarizes the various results. Table 14 illustrates the wide variation in actual equivalent operating days. The average ski area enjoyed an equivalent season that was 91 percent of actual days open (111 days divided by 122 days).

TABLE 13

DAYS/NIGHTS OF OPERATION

Days/Nights	Equivalent 1978-79 #	Equivalent 1978-79 %	Equivalent 1977-78 #	Equivalent 1977-78 %
0-59 days/nights	4	3.2%	4	3.5%
60-89 days/nights	15	12.1	6	5.3
90-104 days/nights	17	13.7	15	13.2
105-119 days/nights	9	7.3	10	8.8
120-134 days/nights	23	18.5	14	12.3
135-159 days/nights	32	25.8	25	21.9
Over 160 days/nights	24	19.4	40	35.1
	124	100.0%	114	100.1%

Again, length of season is positively correlated with profitability as the top half of the profitable areas had a season that was 43 percent greater than the loss areas. California and Nevada had the longest season, averaging 163 equivalent days/nights, while New England had the shortest, 88 days/nights.

TABLE 14

ACTUAL VS. EQUIVALENT DAYS OF OPERATION, 1978-79

	Equivalent Days/Nights[a] of Full Operation	Days of Full Operation (100%)	Days of More Than Half (75%)	Days of Less Than Half (25%)	Total Actual Days Open	Nights of Operation (60%)
Average Ski Area	131	94	19	9	122	75
Top Profit	142	111	19	10	140	77
Bottom Profit	132	89	16	10	115	78
Loss	99	66	23	9	98	49
New England	88	64	18	21	103	37
East and Ontario	117	61	30	6	97	60
Midwest	149	87	18	5	110	73
Central Rockies	134	118	14	7	139	120
Northern Rockies	142	126	3	1	130	88
California/Nevada	163	128	29	7	164	99
Pacific Northwest	138	80	26	23	129	79
Day	134	86	20	8	114	71
Weekend	131	96	22	12	130	85
Vacation	133	115	16	11	142	73
USFS Permittees	138	110	17	11	138	83

[a] This figure is the sum of days, open at various capacities, plus nights of operation.

Ski Area Capacity

The calculation of ski area capacity is a matter of judgment. The 1975-76 study attempted to establish capacity parameters in several ways in order to test various concepts. This procedure was used again in 1976-77, 1977-78 and 1978-79. Total lift VTF/hour is used. Ski area operators were also asked to provide their peak day crowd count plus their estimate of their "comfortable" crowd.

The results are tabulated in Table 15. The "calculated capacity" column is based on an assumed average hourly demand in VTF/hour. This assumption is similar to the last four studies and is based on the observation that skiers demand different amounts of skiing based upon their ability level, and further that this demand varies from ski area to ski area and region to region. The demand used to approximate regional experience is:

Geographic Region	Approximate Demand
New England	1,500 VTF/hour
East	1,500 VTF/hour
Midwest	1,000 VTF/hour
Rockies	2,000 VTF/hour
West	1,500 VTF/hour

TABLE 15

MEASURES OF SKI AREA CAPACITY

				As % of Calculated	
	Peak Day Crowd	Comfortable Crowd	Calculated Capacity	Peak Crowd	Comfortable Crowd
All 124 Ski Areas	3,648	2,993	2,990	122%	100%
USFS Permittees	4,117	3,319	3,327	124	100
Location:					
New England	3,609	3,179	3,272	110	97
East	3,638	2,941	2,252	162	131
Midwest	2,021	1,795	2,043	99	88
Central Rockies	4,407	3,379	3,278	134	103
Northern Rockies	3,222	2,782	2,564	126	109
California/Nevada	5,537	4,445	4,872	114	91
Pacific Northwest	3,558	2,794	3,127	114	89
Profitability:					
Top	5,074	3,943	4,010	127	98
Bottom	3,061	2,464	2,652	115	93
Loss	1,544	1,438	1,288	120	112
Type:					
Day	2,839	2,435	2,100	135	116
Weekend	3,544	2,921	3,185	111	92
Vacation	5,496	4,298	4,685	117	92
Weekend Only	714	633	702	102	90

An analysis of Table 15 indicates that these assumptions are in general harmony with ski area operator estimates.

The calculated figures have been used in this study to compute season capacity and determine utilization. The peak day crowds are 122 percent of calculated capacity and ski area operators' estimated comfortable capacity. It is obvious from this analysis that the peak day crowd count is a severe overcapacity situation that cannot occur too often if the quality of the skiing experience is to be maintained.

Skier Visits

Skier visits is the physical measure of use. Table 16 summarizes skier visits reported over the past four ski seasons.

TABLE 16

SKIER VISITS/SEASON

Skier Visits (000)	1978-79 #	1978-79 %	1977-78 %	1976-77 %	1975-76 %
0-24.9	9	7.3%	4.4%	18.1%	19.6%
25-49.9	17	13.7	13.1	13.4	13.0
50-99.9	29	23.4	24.6	23.6	21.7
100-199.9	27	21.8	25.4	30.7	22.5
200+	42	33.9	32.5	14.2	21.0
No response	-	-	-	-	2.2
	124	100.1%	100.0%	100.0%	100.0%
Average Skier Visits (000)	181		178	111	131

Growth

The last three surveys contain a measure of growth. For the fourth time, the respondents were asked for their skier visit count over the past five years. Table 17 summarizes the findings.

TABLE 17

GROWTH IN USAGE

		Skier Visits					Annual
	Base	1974-75 (000)	1975-76 (000)	1976-77 (000)	1977-78 (000)	1978-79 (000)	Growth Rate
Total Sample	124	141	143	109	177	181	7.4%
USFS Permittees	63	175	181	113	210	231	7.3
By Profitability:							
Top Half	52	198	207	141	256	285	9.9
Bottom Half	51	114	113	101	137	128	4.3
Loss	21	48	48	46	62	52	4.2
By Geographic Region:							
New England	21	141	124	146	167	138	2.6
East	16	98	100	121	150	135	11.0
Midwest	20	72	74	75	85	83	4.3
Central Rockies	25	200	218	135	247	277	8.1
Northern Rockies	16	120	140	83	144	160	6.2
California/Nevada	12	220	199	135	305	354	14.8
Pacific Northwest	14	127	126	58	148	143	4.1
By Type:							
Day	61	95	95	86	125	119	7.5
Weekend	27	153	134	93	164	179	5.3
Vacation	33	218	245	173	291	313	9.4
Weekend Only	3	11	11	13	15	13	6.7

These growth trends are an attempt to measure growth in demand for skiing opportunities. As such a measure they fall short when the snow drought year 1976-77 is included. The reason usage was down had to do with a failure to provide adequate opportunities (supply). Therefore, we have computed several additional rates based on factoring out the poor 1976-77 season. They are more representative of the probable growth in demand. The final column is the correlation coefficient where a 1.00 is a perfect growth curve fit.

TABLE 18

PROBABLE 5 YEAR GROWTH IN DEMAND

	Annual Growth Rate	Correlation Coefficient
Total Sample	7.4%	0.970
Central Rockies	8.1	0.994
Northern Rockies	6.2	0.927
California/Nevada	12.4	0.998
Pacific Northwest	3.5	0.897
Vacation Ski Areas	9.4	0.997

Economic Characteristics

Ski Lift Prices

Respondents were asked to list their adult weekday and weekend all day lift ticket prices. These are typically the highest prices quoted because there are discounts for students, children, military, 3, 5 and 7 day packages, promotions, races and senior citizens. The 1978-79 study also includes pricing questions concerning night ticket rates and season pass rates. Table 19 summarizes these prices and compares prices with actual average lift ticket revenue per skier visit.

TABLE 19

SKI LIFT TICKET PRICES AND
AVERAGE LIFT TICKET REVENUE/SKIER VISIT

	1978-79	1977-78	1976-77	1975-76
Ski Lift Ticket Price:				
Weekend	$10.89	$ 9.86	$ 9.07	$ 8.52
Weekday	9.61	8.56	8.01	7.64
Night	6.08	5.85	-	-
Season Pass	217.61	196.73	-	-
Average Ski Lift Ticket Revenue/S-V	8.47	7.58	6.79	6.63
Realized Revenue Vs. Weekend Price	77.8%	76.9%	74.9%	77.8%

Table 20 illustrates the range of ski lift ticket prices. Prices ranged from a low of \$4.25 to a high of \$16.50.

TABLE 20

ADULT, ALL DAY WEEKEND, SKI LIFT TICKET PRICES

	1978-79		1977-78	1976-77	1975-76	1974-75
	#	%	%	%	%	%
Under \$4.00	-	- %	- %	- %	1.4%	2.1%
\$4.00-5.99	1	0.8	0.9	1.6	8.0	10.0
\$6.00-6.99	1	0.8	2.6	4.7	8.0	9.3
\$7.00-8.49	9	7.3	20.2	29.9	32.6	40.7
\$8.50-9.99	29	23.4	21.9	25.2	26.1	19.3
\$10.00-11.99	37	29.8	35.1	29.9	20.3	17.9
\$12.00-14.99	37	29.8	19.3	7.1	2.9	-
\$15.00+	10	8.1				-
No response	-	-	-	1.6	0.7	0.7
	124	100.0%	100.0%	100.0%	100.0%	100.0%

Profits

One hundred three, or 83 percent, of the 124 ski areas reported profits in 1978-79. This is the second most profitable season since these studies have been conducted. Chapter V provides a complete analysis of profitability and its probable causes. Table 21 summarizes dollar returns.

TABLE 21

DOLLARS OF PROFIT (BEFORE TAX)

Dollars (000)	1978-79		1977-78	1976-77	1975-76	1974-75
	#	%	%	%	%	%
Loss	33	26.6%	12.3%	48.0%	26.1%	32.0%
$0-24.9	12	9.7	5.2	8.7	13.0	13.0
$25-49.9	9	7.3	8.8	3.9	13.9	7.0
$50-99.9	11	8.9	14.1	10.2	14.8	6.0
$100-149.9	4	3.2	8.7	6.3	6.1	9.0
$150-249.9	12	9.7	10.5	10.2	6.1	5.0
$250-349.9	7	5.6	7.9	3.9	6.1	28.0
$350-999.9	22	17.7	22.9	6.3	8.7	
$1,000-1,999.9	7	5.6	7.0	1.6	2.6	
$2,000+	7	5.6	2.6	0.8	2.6	
	124	99.9%	100.0%	99.9%	100.0%	100.0%

Non-Skiing Activities

Table 22 summarizes the variety and extent of other recreational activities offered at ski areas. The most prevalent activity is ski touring, followed by tennis and swimming.

TABLE 22

OTHER ACTIVITIES AVAILABLE AT SKI AREAS

	Percent of Areas That Have			
	All	Day	Weekend	Vacation
Toboggans/sleds	12.9%	4.9%	0.0%	9.1%
Ice skating	15.3	4.9	3.7	45.5
Snowmobiles	12.9	6.6	14.8	24.2
Ski touring	59.7	39.3	77.8	81.8
Golf	16.9	0.0	22.2	45.5
Tennis	33.1	6.6	44.4	75.8
Swimming	31.5	8.2	33.3	75.8
Water sports	13.7	6.6	25.9	18.2

III

SKI AREA FINANCIAL DATA

Introduction

Each ski area was asked to provide the following financial data on their 1978-79 season: (1) income statement, (2) departmental revenue and expense, and (3) balance sheet. From this information average area financial statements were developed to measure the industry's financial performance. The data summarized here for the 1978-79 season represents 124 ski areas that provided complete usable data representing 12 months of income and expenses. These 124 areas represent an increase over the 114 completely usable questionnaires for 1977-78.

The 124 ski areas represent approximately 50 percent of the ski area capacity in the nation. If this relationship were to hold for the balance of the capacity, then the ski area business in the United States has an investment of some $900 million, processes revenues of $654 million, and has an annual payroll of $145 million.

This chapter first presents the average income statement (Table 23) and the average area lift and revenue expense statement (Table 24) in the traditional format of previous reports. This is followed by an extensive analysis of the income statement in a non-traditional way which the authors believe will be more meaningful to ski area operators. Readers will note that the data are the same except for the revenue figure which has been adjusted because of

TABLE 23

AVERAGE AREA INCOME STATEMENT (000)

	1978-79 Total	1978-79 Season Percent	1977-78 Total	1977-78 Season Percent	1976-77 Season Percent	1975-76 Season Percent
Income	$2,648	100.0%	$2,316	100.0%	100.0%	100.0%
Direct Expense						
Direct Labor	$ 587	22.2%	$ 494	21.3%	27.8%	24.7%
Other Direct Expenses	771	29.1	652	28.2	27.8	24.0
Total Direct Expenses	$1,358	51.3%	$1,146	49.5%	55.6%	48.7%
Gross Margin	$1,290	48.7%	$1,170	50.5%	44.4%	51.3%
Other Expenses						
General & Administrative	$ 239	9.0%	$ 195	8.4%	13.0%	11.0%
Marketing	89	3.4	79	3.4	4.5	4.0
Insurance	94	3.5	77	3.3	4.9	2.8
Forest Service Fees	39	1.5	29	1.3	1.1	1.3
Private Land Rental	14	0.5	12	0.5	0.3	0.5
Property & Other Taxes	48	1.8	45	1.9	2.2	1.7
Interest	118	4.5	112	4.8	8.1	7.1
Depreciation	223	8.4	189	8.2	12.0	10.1
Miscellaneous Expense	48	1.8	43	1.9	3.1	2.7
Total Other Expense	$ 912	34.4%	$ 781	33.7%	49.1%	41.2%
Pre-tax Profit (Loss)	$ 378	14.3%	$ 389	16.8%	(4.7%)	10.1%
Base	(124)		(114)		(127)	(115)

TABLE 24

AVERAGE AREA LIFT REVENUE AND EXPENSE (000)

	1978-79 Total	1978-79 Season Percent	1977-78 Total	1977-78 Season Percent	1976-77 Season Percent	1975-76 Season Percent
Lift Revenue						
Winter	$1,534	99.0%	$1,350	99.0%	98.4%	98.7%
Summer	15	1.0	13	1.0	1.6	1.3
Total	$1,549	100.0%	$1,363	100.0%	100.0%	100.0%
Lift Expense						
Direct Labor (Winter)						
Lift	$ 107	6.9%	$ 88	6.4%	8.5%	8.1%
Ski Patrol	49	3.2	41	3.0	3.5	3.4
Slope Maintenance	36	2.3	27	2.0	2.5	2.3
Maintenance & Repair	60	3.9	47	3.4	6.4	4.0
Ticket Sales	18	1.2	16	1.2	1.4	1.4
Snowmaking[a]	-	-	-	-	1.2	0.7
Other	26	1.6	27	2.0	2.1	1.9
Total (Winter)	$ 296	19.1%	$ 246	18.0%	25.6%	21.9%
Direct Labor (Summer)	$ 12	0.8%	$ 9	0.7%	-	-
Other Direct Expense[b]						
Utilities	$ -	- %	$ -	- %	5.7%	3.7%
Supplies & Materials	-	-	-	-	8.5	6.7
All Other	-	-	-	-	6.4	5.2
Total	$ 190	12.3%	$ 166	12.2%	20.6%	15.6%
Gross Margin - Lifts	$1,051	67.8%	$ 942	69.1%	53.8%	62.5%
Base	(124)		(114)		(127)	(115)

[a] Included as a general fixed expense in 1978-79 and 1977-78.

[b] Not broken out in 1978-79 and 1977-78.

concession operations to make the data more comparable. Also, this more extensive analysis includes a separate column on the 63 areas in the study operating with a USFS permit.

Average Ski Area Income Statements

Table 25 is the composite-average income statement referred to above. The format is somewhat non-typical due to the varying practices of ski area operators. Total revenue is the total of gross lift department revenue plus gross margin or contributions from all other departments. It is believed that in this manner one can more fairly combine ski areas that have only some of the supporting operations with those who concession them, and thus report only net concession revenue, and those who operate their own schools, shops, restaurants, and real estate business. Details of these supporting operations may be found in Chapter VI.

Table 26 is a summary of gross revenue, concession revenue and direct operating costs. It is included to illustrate how the supporting margins were calculated. The breakdowns shown in Chapter VI are much more accurate for illustrating typical departmental cash flows, since Table 26 includes all areas in the average including those who do not operate such a department. While they are statistically accurate they are non-typical.

This format also differs slightly by showing an "operating profit (loss)" before subtracting interest expense. It is believed that this figure compared to gross fixed assets is one of the best overall measures of industry profitability. Interest expense varies from zero to $1.3 million, and while it is a critical and significant cost of doing business it is also viewed as a part of the cost of capital. Some areas are subsidiaries of larger corporations, some beneficiaries of public funding, and many carry an added burden of past operating

TABLE 25

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT

	1978-79 Total (000)	1977-78 Total (000)	% Change	USFS Permittees	Your Ski Area
Gross Fixed Assets	$3,593	$3,085	16.5%	$4,203	$______
Revenue:					
Ski Lift Gross - Winter	$1,534	$1,350		$2,055	$______
Ski Lift Gross - Summer	15	12		18	______
Supporting Margin - Winter	298	310		307	______
Supporting Margin - Summer	15	14		9	______
Year Round Margin	91	55		99	______
TOTAL REVENUE	$1,953	$1,741	12.2%	$2,488	$______
Less:					
Ski Lift Direct Expense	$ 497	$ 419		$ 652	$______
Payroll Taxes	56	48		70	______
Property Operation	71	69		55	______
OPERATIONS MARGIN	$1,329	$1,205	10.3%	$1,711	$______
Less:					
General & Administrative	$ 238	$ 195		$ 307	$______
Marketing (advertising, public relations, promotion, etc.)	89	79		103	$______
Insurance (property, liability)	98	76		109	______
Land Use Fees (public)	39	29		63	______
Land Use Fees (private)	14	12		14	______
Property Taxes	31	32		39	______
Other Taxes (not income)	17	14		19	______
Snowmaking	31	29		21	______
Snow Removal	6	6		7	______
Miscellaneous	48	43		57	______
Depreciation & Amortization	223	189		269	______
OPERATING PROFIT (LOSS)	$ 495	$ 501	- 1.2%	$ 703	$______
Less: Interest	117	112		149	______
PROFIT (LOSS) BEFORE TAX	$ 378	$ 389	- 2.8%	$ 554	$______
Base	(124)	(114)		(63)	

TABLE 26

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN 1978-79

	Plus:		Less:			Equals:
	Gross Sales (000)	Concession Revenue (000)	Cost of Goods Sold (000)	Direct Labor (000)	Direct Other (000)	Gross Margin (000)
WINTER SEASON						
Ski Lift Department	$1,534	$ -	$ -	$ 296	$ 180	$1,058
Ski School	153	2	-	88	12	55
Food Service	221	13	89	63	25	57
Bar	68	3	20	14	6	31
Retail	111	4	67	12	4	32
Rental	115	6	17	22	7	75
Accommodations	67	1	-	18	19	31
Other	32	2	3	11	3	17
Sub-total	$2,301	$ 31	$ 196	$ 524	$ 256	$1,356
YEAR-ROUND						
Real Estate	$ 182	$ -	$ 104	$ 8	$ 10	$ 60
Utility	6	-	-	2	5	(1)
Miscellaneous	40	-	2	3	3	32
Sub-total	$ 228	$ -	$ 106	$ 13	$ 18	$ 91
SUMMER SEASON						
Lift Department	$ 15	$ -	$ -	$ 12	$ 9	$ (6)
Food Service	26	-	10	11	4	1
Retail	8	-	4	2	1	1
Sports	7	-	-	4	3	0
Accommodations	20	-	-	8	6	6
Slide	10	1	-	2	2	7
Sub-total	$ 86	$ 1	$ 14	$ 39	$ 25	$ 9
TOTALS	$2,615	$ 32	$ 316	$ 576	$ 299	$1,456
Base	(124)	(124)	(124)	(124)	(124)	(124)

losses. A fair assessment of current operations requires both an analysis of before tax and before interest return on GFA, and profit as a percent of equity.

Tables 27 and 28 provide comparisons between expenses, revenues and investment (Gross Fixed Assets). One generally uniform factor involves the depreciation to Gross Fixed Assets of around 6 percent, or 16 years average life.

Revenue

Average revenue was up 12.2 percent. A check of the 1978-79 results using the revenue to GFA vs. utilization rule developed in the 1974-75 report shows the following:

	Total Revenue to GFA		Percent Utilization		Factor	Judgment
All ski areas	54%	÷	44%	=	1.23	Good
Top Half Profit	66%	÷	49%	=	1.35	Excellent
Bottom Half Profit	41%	÷	36%	=	1.14	Acceptable
Loss	27%	÷	38%	=	0.71	Poor

This rule of thumb measure summarizes all of the critical economic variables (capacity, utilization, length of season, revenue per skier visit) and relates them to investment. When the revenue/GFA ratio exceeds utilization, the various factors are in balance. When utilization exceeds the revenue/GFA ratio one or more factors are impairing a ski area's ability to make profits commensurate with the risks. This factor analysis is derived from the income potential to capital cost (GFA) ratio used to evaluate the conceptual feasibility of a new or expanded ski area. The critical variable factors must allow the revenue at full utilization to equal the investment (GFA) required or the project is not economically feasible.

TABLE 27

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT
PERCENT OF REVENUE

	1978-79 Total	1977-78 Total	1978-79 USFS Permittees	Your Ski Area
Revenue:				
Ski Lift Gross - Winter	78.5%	77.5%	82.6%	%
Ski Lift Gross - Summer	0.8	0.7	0.7	
Supporting Margin - Winter	15.2	17.8	12.3	
Supporting Margin - Summer	0.8	0.8	0.4	
Year Round Margin	4.7	3.2	4.0	
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%
Less:				
Ski Lift Direct Expense	25.4%	24.0%	26.2%	%
Payroll Taxes	2.9	2.8	2.8	
Property Operation	3.6	4.0	2.2	
OPERATIONS MARGIN	68.1%	69.2%	68.8%	%
Less:				
General & Administrative	12.2%	11.1%	12.3%	%
Marketing (advertising, public relations, promotion, etc.)	4.6	4.5	4.1	
Insurance (property, liability)	5.0	4.4	4.4	
Land Use Fees (public)	2.0	1.7	2.5	
Land Use Fees (private)	0.7	0.7	0.6	
Property Taxes	1.6	1.8	1.6	
Other Taxes (not income)	0.9	0.8	0.8	
Snowmaking	1.6	1.7	0.8	
Snow Removal	0.3	0.3	0.3	
Miscellaneous	2.5	2.5	2.3	
Depreciation & Amortization	11.4	10.9	10.8	
OPERATING PROFIT (LOSS)	25.3%	28.8%	28.3%	%
Less: Interest	6.0	6.5	6.0	
PROFIT (LOSS) BEFORE TAX	19.3%	22.3%	22.3%	%
Base	(124)	(114)	(63)	

TABLE 28

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT PERCENT OF GROSS FIXED ASSETS

	1978-79 Total	1977-78 Total	1978-79 USFS Permittees	Your Ski Area
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%
Revenue:				
Ski Lift Gross - Winter	42.7%	43.8%	48.9%	%
Ski Lift Gross - Summer	0.4	0.4	0.4	
Supporting Margin - Winter	8.3	10.0	7.3	
Supporting Margin - Summer	0.4	0.4	0.2	
Year Round Margin	2.5	1.8	2.4	
TOTAL REVENUE	54.4%	56.4%	59.2%	%
Less:				
Ski Lift Direct Expense	13.8%	13.5%	15.5%	%
Payroll Taxes	1.6	1.6	1.7	
Property Operation	2.0	2.2	1.3	
OPERATIONS MARGIN	37.0%	39.1%	40.7%	%
Less:				
General & Administrative	6.6%	6.4%	7.3%	%
Marketing (advertising, public relations, promotion, etc.)	2.5	2.6	2.5	
Insurance (property, liability)	2.7	2.5	2.6	
Land Use Fees (public)	1.1	0.9	1.5	
Land Use Fees (private)	0.4	0.4	0.3	
Property Taxes	0.9	1.0	0.9	
Other Taxes (not income)	0.5	0.5	0.5	
Snowmaking	0.9	0.9	0.5	
Snow Removal	0.2	0.2	0.2	
Miscellaneous	1.3	1.4	1.4	
Depreciation & Amortization	6.2	6.1	6.4	
OPERATING PROFIT (LOSS)	13.8%	16.2%	16.7%	%
Less: Interest	3.3	3.6	3.5	
PROFIT (LOSS) BEFORE TAX	10.5%	12.6%	13.2%	%
Base	(124)	(114)	(63)	

TABLE 29

AVERAGE SKI AREA FINANCIAL DATA - BALANCE SHEETS

	1978-79 (000)	Total Percent	1977-78 (000)	Total Percent	USFS Permittees (000)
Assets					
~~Current Assets~~	$ 615	17.5%	$ 576	18.5%	$ 740
Gross Fixed Assets	3,642	103.8	3,128	100.6	4,238
Less: Depreciation	(1,395)	(39.7)	(1,230)	(39.6)	(1,618)
Other Assets	648	18.5	634	20.4	840
TOTAL ASSETS	$3,510	100.1%	$3,108	99.9%	$4,200
Liabilities & Net Worth					
Current Liabilities	$ 489	13.9%	$ 443	14.3%	$ 569
Long-Term Debt	1,089	31.0	998	32.1	1,282
Subordinated Debt	244	7.0	259	8.3	245
Deferred Taxes	114	3.2	119	3.8	173
Other Liabilities	73	2.1	73	2.3	115
Net Worth					
Invested	711	20.3	724	23.3	758
Retained Earnings	790	22.5	492	15.8	1,058
TOTAL LIABILITIES & NET WORTH	$3,510	100.0%	$3,108	99.9%	$4,200
Base	(117)		(110)		(62)

The 1978-79 ratio of revenue to GFA (54 percent) decreased slightly from the 1977-78 figure (56 percent), but continued considerably above the 1976-77 figure (35 percent). This subject is discussed in more detail in Chapter V.

Expenses

Cash operating expenses were up 18 percent, resulting in an operating margin that is down 1.2 percent.

Balance Sheet

Balance sheet data is summarized in Table 29. The basic balance sheet data remained unchanged. Working capital is adequate and the current ratio is an acceptable 1.3/1.

Table 30 summarizes the traditional measures of business health.

TABLE 30

BALANCE SHEET RATIOS

	1978-79	1977-78	1976-77	1975-76
Working Capital (000)	$126	$133	($1)	$37
Current Ratio	1.3/1	1.3/1	1/1	1.1/1
Percent Debt	57%	61%	69%	67%
Percent Equity	43%	39%	31%	33%
Debt to Cash Flow	2.2X	2.2X	12.8X	3.3X

U.S. Forest Service Permittees

Again, the 1978-79 study contains a separate computer run for the 63 ski areas operating with a USFS special use permit.

The average profile differs mainly in geographic location, size and length of season. The economic characteristics and financial performance indicators are remarkably similar to other areas. USFS permittees are found mainly in the Rockies and the West, and they are more heavily represented among the vacation destination ski areas at some distance from population centers.

IV

ECONOMIC RATIOS

The 1973-74 study introduced the economic ratios contained in this chapter. The objective was to identify and summarize three measures of profitability and five critical variables that help to explain performance.

The reader is again cautioned to review the precise definitions of terms contained in Appendix C. There are a myriad of different methods of measuring profitability and performance. These eight critical economic ratios were developed over the past 18 years by Ted Farwell, a member of the NSAA Economic Study Committee. They are not purported to be the only system, but rather to be one simple method of analyzing operating results.

Table 31 summarizes the eight critical ratios and illustrates the data required to construct each ratio. The source of these figures are Tables 25 and 29. There are similar tables in the subsequent chapters presenting the eight critical variables divided by various meaningful categories of profitability, geographic region, size, type, days of operation, and snowmaking and night operations.

How to Calculate the Ratios

1. Debt to cash flow is a rough measure of the number of years that will be required at this cash flow to retire debt. This ratio is calcu-

TABLE 31

ECONOMIC RATIOS

	Construction Key	Total 1978-79	Total 1977-78	Percent Change	USFS Permittees	Your Ski Area
VTF/Hour (000)	A	4,808	4,585		5,776	______
VTF/Hour - Demand/Skier Visit	B	1,608	1,613		1,736	______
Skier Capacity	C	2,990	2,887		3,327	______
Days/Nights of Operation[a]	D	131	150		138	______
Season Capacity (000)[a]	E	412	443		482	______
Actual Skier Visits (000)	F	181	178	1.7%	231	______
Profit (Loss) Before Tax (000)	G	$ 378	$ 389	- 2.8%	$ 554	$______
Plus: Depreciation (000)	H	$ 223	$ 189		$ 269	$______
Before Tax Cash Flow (000)	I	$ 601	$ 578		$ 823	$______
Operating Profit (Loss) (000)	J	$ 495	$ 501	- 1.2%	$ 703	$______
Cash Operating Costs (000)	K	$1,235	$1,051		$1,516	$______
Gross Fixed Assets (000)	L	$3,593	$3,085		$4,203	$______
Secured Debt (000)	M	$1,333	$1,256		$1,527	$______
Equity (000)	N	$1,501	$1,216		$1,816	$______
Critical Ratios						
1. Health (Debt to Cash Flow)		2.2X	2.2X		1.9X	______X
Profitability:						
2. Operating Profit on GFA		13.8%	16.2%	-14.8%	16.7%	______%
3. Profit (BT) on Equity		25.2%	32.0%	-21.3%	30.5%	______%
Performance:						
4. Average Utilization[a]		43.9%	40.2%		47.9%	______%
5. Days/Nights of Operation[a]		131	150		138	______
Policy and Planning:						
6. Capital/Capacity Ratio		$1,202	$1,069		$1,263	$______
7. Operating Cost/Capacity Ratio		$ 3.00	$ 2.37	26.6%	$ 3.15	$______
Revenue/Skier Visit:						
Ski Lift Gross		$ 8.47	$ 7.58	11.7%	$ 8.89	$______
Ski School Margin		$ .31	$ .34		$ .26	$______
Food Service Margin		$ .32	$ .35		$ .29	$______
Bar Margin		$ .18	$ .13		$ .13	$______
Ski Shop Margin		$ .18	$ .17		$ .18	$______
Ski Rental Margin		$ .41	$ .51		$ .32	$______
Other Margin		$ .09	$ .07		$ .07	$______
8. Total - Revenue/Skier Visit		$ 9.96	$ 9.15	8.9%	$10.14	$______
Base		(124)	(114)		(63)	

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[a] Not directly comparable due to revision of definition and data base.

lated by dividing the total long-term debt (M) (not including current liabilities) by the before-tax cash flow (I). Before-tax cash flow is calculated by adding back the non-cash expense of depreciation (H) to the profit (loss) before tax (G).

2. Operating profit on GFA is, in our opinion, the major ratio to describe profitability. Since it is a ratio before financing costs it allows for the comparison of operating results between areas with conservative management and minimum debt, and those with maximum leverage. It also eliminates the swings in profitability occasioned by the accumulation of several years of losses into the balance sheet. This ratio is calculated by dividing the operating profit (J) by gross fixed assets (L). Operating profit is calculated before interest expense.

3. Profit (before tax) on equity is the second measure of profitability and is the closest one can come to the traditional "return on equity" measure of business profitability. Traditional measures are in "after tax" returns. However, two characteristics of the ski industry make after tax calculations next to meaningless.

   a. Many ski areas are subsidiaries of larger corporations and the tax consequences of their ski area profits (losses) are lost in the consolidation.

   b. Many ski areas have loss-carry-forward balances to offset current profits and their current taxes would not reflect normal operations.

   In general, the reader seeking the comparable "after tax" return may approximate this by cutting the before tax figure in half (considering both Federal and state income tax liabilities).

This ratio is calculated by dividing profit (loss) before tax (G) by equity (N). Equity includes the invested capital and retained earnings. The reader should be aware of the fact that because of the areas' accumulated losses, 32 percent of the respondents reported negative retained earnings and 8 percent showed no invested capital.

4. Average utilization measures actual skier visits as a percent of capacity skier visits. Capacity skier visits (E) is the product of each individual ski area's calculated capacity times its equivalent days/nights of operation. The 1975-76 survey included a more meaningful estimate of capacity since respondents reported the number of days when all ski lifts were open plus the number of days when operations were limited due to lack of snow cover or other capacity limiting factors. The 1976-77 survey includes nights of operation. The 1977-78 survey incorporates both of these refinements. Actual days/nights of operation were thus adjusted downward to create "equivalent" days/nights of operation. Please note that average skier capacity (C) times days of operation (D) will not equal season capacity (E). This is because season capacity (E) is the sum of all 124 areas' season capacity and is, of course, weighted by both the larger areas and those with longer seasons.

Average utilization is calculated by dividing actual skier visits (F) by computed season capacity (E). Utilization is expressed as a percent of available season capacity.

The 1978-79 study contains a further refinement in calculating capacity due to the different ski area capacity available at night. Thus, the utilization calculation is not comparable to prior years. The average utilization of 43.9 percent for 1978-79 is approximately the same level as a corrected 1977-78 utilization would be.

5. Days/nights of operation are the actual days and nights that ski areas were open and operating. Theoretically, when computing season capacity, one assumes that all lifts and trails are open each operating period or at least each area is capable of handling the "comfortable capacity" crowd each period that they are operating. All studies since 1975-76 adjust for this factor by computing equivalent days/nights of operation. Days/nights of operation were selected as one of eight critical variables to highlight their important effect on profitability.

6. The capital cost/capacity ratio is designed to provide a relative measure of a ski area's site, design and construction attributes. This ratio is calculated by dividing the GFA (L) by the daily, comfortable skier capacity (C). The rationale for obtaining a skier capacity measure was discussed earlier and judgments may be evaluated by refering to Table 15.

   The weakness in this ratio is that it uses historical costs for gross fixed assets. With the current rate of inflation, replacement costs for assets constructed over an average of the past 20 years will run considerably above the reported GFA.

7. The operating cost/capacity ratio is designed as a comparable method of measuring operating cost efficiency. This measure reduces all the cash operating costs (excluding depreciation and interest) to a common denominator. It is calculated by dividing cash operating costs (K) by season capacity (E). Costs are thus reduced to the cost of providing one skier of capacity for one equivalent day/night of operation. In general, ski areas with a higher than average cash operating cost/season capacity ratio in its appropriate size, location or operating days category may well benefit by taking a close look at expenses.

8. Total revenue/skier visit is a measure of the actual revenue received by the ski area from each skier each day. The definition is very important to assess the usefulness of this measure. Revenue includes gross revenue from ski lift ticket sales, plus the margin or contribution from the other typical supporting services. This method was selected in order to equate ski areas who concession some or all of these supporting service operations, and thus report only a concession fee, with those who operate each service as a department.

   This index is calculated by dividing revenues by skier visits; however, this measure does not use either accommodations, year round or summer revenue as they don't relate directly to skier visits.

What the Ratios Mean

1. Ski Industry Health (Debt to Cash Flow): In 1978-79 the ski industry continues to demonstrate a healthy ability to retire debt. Average debt obligations are only 2.2 times the before tax cash flow. Thus, cash flows are adequate to retire debt in less than five years. (They must first be used to pay income taxes.)
2. Ski Industry Profitability: Operating profit as a percent of Gross Fixed Assets is the second highest in history at 13.8 percent. An average of 13.8 percent is not sufficient to attract new investment capital at the current rate of inflation.

   Profit before tax on equity is at 25.2 percent, the second best showing of the 11 years that this data has been available. This return amounts to approximately 12.6 percent after tax.

3. Ski Industry Performance: Average skier visits were up 1.7 percent, the result of both a shorter average season and a similar utilization.

4. Policy and Planning Ratio: The two cost/capacity ratios measure design and operating efficiency. The benchmarks established by the total sample should be attainable and probably represent an adequate norm. The capital cost/capacity ratio must be adjusted upward by an appropriate inflation index to be used for current new construction planning.

The daily cash operating cost/capacity ratio at $3.00 is up considerably from the 1977-78 index. The change by category looks like this:

	Cash Cost/Skier Visit of Capacity		
	1978-79	1977-78	Change
Ski Lift Direct	1.21	.95	Up 27.4%
Payroll Taxes	.14	.11	Up 27.3%
Property Operation	.17	.16	Up 6.3%
Snowmaking and Snow Removal	.09	.08	Up 12.5%
General & Administrative, & Miscellaneous	.69	.54	Up 27.8%
Marketing	.22	.18	Up 22.2%
Insurance	.24	.17	Up 41.2%
Land Use Fees	.13	.09	Up 44.4%
Property Taxes	.08	.07	Up 14.3%
Other Taxes	.03	.03	Same
	3.00	2.38	Up 26.1%

5. Revenue per skier visit: The 1978-79 revenue per skier visit was up 8.9 percent. Ski school, food service and rental margins dropped, while bar, retail and other increased slightly. Additional analysis is presented in Chapter VI.

TABLE 32

REVENUE PER SKIER VISIT

	1978-79	1977-78	1976-77	1975-76
Ski Lift Gross	$ 8.47	$ 7.58	$ 6.79	$ 6.63
Ski School Margin	.31	.34	.23	.27
Food Service Margin	.32	.35	.37	.26
Bar Margin	.18	.13	a	a
Ski Shop Margin	.18	.17	.18	.14
Rental Margin	.41	.51	.46	.38
Other Margin	.09	.07	.27	.14
	$ 9.96	$ 9.15	$ 8.30	$ 7.82
Base	(124)	(114)	(127)	(115)

[a] Included in food service and/or other in prior years.

V

PROFITABILITY

The 1978-79 ski season recorded the second highest profits in the 11 years of the annual surveys. Eighty-three percent of the reporting ski areas showed operating profits. The average ski area in the study reported a 13.8 percent operating profit on Gross Fixed Assets. This resulted in 21.2 percent for the top half of the profitable ski areas and 5.3 percent for the bottom half.

This chapter makes a comprehensive analysis of profitability, its probable causes, current trends, and proposed solutions. Data is presented in three categories, those in the top half of the profitable areas, those in the bottom half of the profitable areas, and those recording losses. Again the reader is urged to read the definitions of profitability used carefully because this chapter treats profitability in a non-typical but hopefully more meaningful way. The definition is operating profit and results in 21 areas with a loss rather than the 33 using traditional methods. However, this analysis permits a number of additional meaningful comparisons to be made, especially when they have varying capital structures. Due to the large number of tables presented, they will be found at the end of the chapter.

The proportion of ski areas showing profits decreased. Table 33 summarizes six profit indicators.

TABLE 33

HISTORICAL COMPARATIVE MEASURES OF PROFITABILITY

	1978-79	1977-78	1976-77	1975-76
Percent of Ski Areas Reporting Profits	83.1%	93.0%	56.0%	84.0%
Operating Profit on GFA	13.8	16.2	1.6	10.5
Profit (BT) on Equity	25.2	32.0	Loss	18.7
Profit (BT) on GFA	10.5	12.6	Loss	6.2
Profit (BT) Percent of Revenue	19.4	22.3	Loss	13.7
Profit (BT) in Dollars (000)	$378	$389	($65)	$158
Base	(124)	(114)	(127)	(115)

This chapter isolates both the physical and economic characteristics of profitable areas and compares them with those recording losses to see if any significant insights can be provided. Table 34 presents a summary of the ski area characteristics divided into three categories of profitability. Tables 35 through 38 contain income statement and balance sheet data in these three categories. The 103 profitable ski areas were based upon their ability to show an operating profit (i.e., before subtracting interest). Twelve did record slight losses after subtracting interest costs. The top half were selected based upon their return to GFA (i.e., as opposed to dollar amount of profits). Table 39 contains the critical economic ratios.

The past reports contained an analysis of the five most telling characteristics of the most profitable ski areas, the loss ski areas, and the three distinguishing characteristics of the bottom profit ski areas. In this report these past characteristics will be evaluated against current findings to evaluate progress or slippage.

Characteristics of the Top Half of the Profitable Ski Areas

The same five characteristics as in past studies are identified as the probable cause for higher profitability.

	Probable Cause	Measure	Index[a]
1.	Length of Season	142 days/nights	1.08
2.	Revenue/Skier Visit	$10.60	1.06
3.	Capital Cost/Capacity Ratio	$1,251	1.04
4.	Size (VTF/Hour) (000)	6,861	1.43
5.	Available Beds	3,611	1.67

Resulting Effect	Measure	Index[a]
Average Utilization	49.2%	1.12
Operating Profit (000)	1,063	2.15
Return on GFA	21.2%	1.54

[a] The index represents the relationship of this measure to the average ski area measure.

In each measure except the Capital Cost/Capacity Ratio, the top profit ski areas gained in 1978-79. The result saw the return to GFA drop slightly but still remain above a level commensurate with the risk.

None of the factors alone fully explain the better profitability; however, each favorable factor has a small effect, and together they increase profits dramatically.

1. Length of Season: The 52 top profit ski areas enjoyed an average of 142 "equivalent" days/nights of operation. They reported 111 days of full operation, 19 days at less than full but better than half open, 10 at less than half open, and 77 nights of operation. Their equivalent days amounted to 91 percent of actual days open. These 142 equivalent days/nights are 8 percent better than the average ski area and 43 percent better than the average of the ski areas with losses. This

critical variable increases the earning power of these ski areas, and spreads the high fixed costs of ski area operation over a longer season.

2. Revenue Per Skier Visit: The most profitable ski areas continue to achieve a higher average revenue per skier visit. First, ski lift ticket prices are 107 percent of average prices. Second, they succeed in less discounting, thus recording a lift revenue per skier visit that is 78.5 percent of the published adult weekend ticket price. Their margin from supporting services did not increase proportionally, thus the 1978-79 margins are the same as the average ski area. These 52 top profit ski areas recorded revenue per skier visit of $10.60, up 11 percent from 1977-78.
3. Capital Cost/Capacity Ratio: The top profit ski areas exceed the average Capital Cost/Capacity ratio in 1978-79. This, coupled with a higher operating cost/capacity ratio, accounted for the slight decreased return.
4. Type and Size of Area: With a return to more normal snow fall, the top profit ski areas are found again to be the larger ski areas with a greater local skier housing capability.

Characteristics of the Bottom Half of the Profitable Ski Areas

The major reason for the lower profitability reported by the bottom half of the profitable ski areas is a lower utilization rate. The cause is not readily apparent. The index or relative measures of the five variables identified as the major reasons for the success of the top profit areas are summarized below.

	Probable Cause	Measure	Index
1.	Length of Season	132 days/nights	1.01
2.	Revenue/Skier Visit	$8.81	.89
3.	Capital Cost/Capacity Ratio	$1,110	.92
4.	Size (VTF/hour) (000)	3,904	.81
5.	Available Beds	1,322	.61

Resulting Effect	Measure	Index
Average Utilization	36.0%	.82
Operating Profit (000)	$156	.32
Return on GFA	5.3%	.38

None of these factors alone explain the poorer profitability. However, the combination of a shorter season, lower revenue per skier visit, and a significantly lower utilization creates only marginal profits. In past studies a high operating cost/season capacity ratio reduced profitability. However, this cost aspect has been significantly reduced over the past two seasons, and in fact continues to illustrate a most favorable $2.53 per capacity skier per operating period, much less than the industry average of $3.00. Past studies also pointed to a failure to achieve adequate revenue per skier visit, but this past failing continues to be improved in 1978-79.

Characteristics of the Loss Ski Areas

The same five probable causes as applied to the loss areas illustrate the following:

	Probable Cause	Measure	Index
1.	Length of Season	99 days/nights	.76
2.	Revenue/Skier Visit	$8.07	.81
3.	Capital Cost/Capacity Ratio	$1,280	1.07
4.	Size (VTF/Hour) (000)	1,916	.40
5.	Available Beds	606	.28

Resulting Effect	Measure	Index
Average Utilization	38.0%	.87
Operating Profit (000)	($86)	Infinity
Return on GFA	Loss	-

All five causes combine to create losses. Sixty-seven percent of the loss areas were east of the Great Plains where bitter cold weather and an early spring combined to decrease utilization.

1. Length of Season: The relatively short operating season is a major cause. The 21 loss areas averaged 66 days of full operation; 23 days of less than full but better than half open; 9 days of less than half open; and 49 nights of operation. Their equivalent days amounted to 87 percent of actual days open.
2. Revenue/Skier Visit: The loss areas also suffer from a drop in revenue per skier visit, perhaps also caused by heavy discounting to attract skiers during adverse weather conditions.
3. Type and Size of Area: The 21 loss areas were smaller areas with few local accommodations supporting them.

These identified basic short-comings combine to have a devastating effect on utilization and profitability.

Summary

These various favorable and unfavorable economic characteristics may be summarized using the rule of thumb ratio of total revenue as a percent of GFA to utilization.

	Total	Top Profit	Bottom Profit	Loss
Number of Areas	124	52	51	21
Total Revenue/GFA	54%	66%	41%	27%
Utilization	44%	49%	36%	38%
Factor	1.23	1.35	1.14	0.71
Judgment	Good	Excellent	Acceptable	Poor
1977-78 Factor	1.40	1.62	1.18	0.93

A factor of less than 1.00 indicates one or more critical characteristics are out of balance. This summary again contrasts markedly with the 1976-77 summary. It is one more indication of the current continued healthy state of the industry.

TABLE 34

AVERAGE SKI AREA CHARACTERISTICS BY PROFITABILITY

	Total	Top Half Profit	Bottom Half Profit	Loss
SIZE				
VTF/Hour (000)	4,808	6,861	3,904	1,916
Gross Fixed Assets (000)	$3,593	$5,015	$2,944	$1,649
Skiable Acres	404	543	349	192
LOCATION				
Within 50 Miles of SMSA	37%	25%	33%	33%
With 6+ Areas in 1 Hour	27%	23%	29%	33%
New England	17%	8%	24%	24%
East	13%	15%	8%	19%
Midwest	16%	6%	24%	24%
Central Rockies	20%	33%	8%	19%
Northern Rockies	13%	15%	12%	10%
California and Nevada	10%	19%	4%	0%
Pacific Northwest	11%	4%	22%	5%
SITE CHARACTERISTICS				
Number of Beds at Base	726	1,588	118	73
Number of Beds (10 miles)	2,161	3,611	1,322	606
With Snowmaking	58%	56%	59%	62%
With Night Skiing	36%	25%	45%	43%
Terrain: Beginner	24%	23%	25%	26%
Intermediate	51%	50%	51%	52%
Expert	25%	27%	24%	22%
BUSINESS CHARACTERISTICS				
Operating With USFS Permit	51%	67%	43%	29%
Engaged in Land Development	33%	37%	35%	19%
Annual Growth in Skier Visits (5 years)	7%	10%	4%	4%
OPERATIONAL CHARACTERISTICS				
Average Days/Nights of Operation	131	142	132	99
Average Peak Day Crowd	3,648	5,074	3,061	1,545
Average Skier Visits (000)	181	285	128	52
Average Age of Ski Areas	22 years	20 years	21 years	22 years
ECONOMIC CHARACTERISTICS				
Average Revenue/Skier Visit	$ 9.96	$10.60	$ 8.81	$ 8.07
Average Lift Ticket Revenue/Skier Visit	$ 8.47	$ 9.12	$ 7.30	$ 6.79
Average Adult Lift Ticket Price (Weekend)	$10.89	$11.62	$10.62	$ 9.76
Average Adult Lift Ticket Price (Weekday)	$ 9.61	$10.79	$ 8.94	$ 8.25
Average Night Ticket Price	$ 6.08	$ 6.43	$ 6.25	$ 5.09
Average Adult Season Ticket Price	$ 218	$ 253	$ 201	$ 174
Average Utilization	44%	49%	36%	38%
Average Profit (Loss) Before Tax	$ 378	$ 893	$ 57	$ (120)
Ratio: Revenue/GFA	54%	66%	41%	27%
Base	(124)	(52)	(51)	(21)

TABLE 35

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)	Your Ski Area
Gross Fixed Assets	$3,593	$5,015	$2,944	$1,649	$______
Revenue:					
Ski Lift Gross - Winter	$1,534	$2,599	$ 934	$ 354	$______
Ski Lift Gross - Summer	15	24	11	2	______
Supporting Margin - Winter	298	464	223	77	______
Supporting Margin - Summer	15	14	23	4	______
Year Round Margin	91	198	16	3	______
TOTAL REVENUE	$1,953	$3,299	$1,207	$ 440	$______
Less:					
Ski Lift Direct Expense	$ 497	$ 804	$ 316	$ 180	$______
Payroll Taxes	56	69	57	23	______
Property Operation	71	75	83	34	______
OPERATIONS MARGIN	$1,329	$2,351	$ 751	$ 203	$______
Less:					
General & Administrative	$ 238	$ 375	$ 166	$ 73	$______
Marketing (advertising, public relations, promotion, etc.)	89	138	65	27	______
Insurance (property, liability)	98	130	92	34	______
Land Use Fees (public)	39	75	16	4	
Land Use Fees (private)	14	25	7	3	______
Property Taxes	31	51	19	10	______
Other Taxes (not income)	17	32	7	4	______
Snowmaking	31	47	22	13	______
Snow Removal	6	10	4	2	______
Miscellaneous	48	58	45	30	______
Depreciation & Amortization	223	347	152	89	______
OPERATING PROFIT (LOSS)	$ 495	$1,063	$ 156	$ (86)	$______
Less: Interest	117	170	99	34	______
PROFIT (LOSS) BEFORE TAX	$ 378	$ 893	$ 57	$ (120)	$______
Base	(124)	(52)	(51)	(21)	

TABLE 36

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY PROFITABILITY

	Percent of Gross Fixed Assets				Your Ski Area
	Total	Top Half	Bottom Half	Loss	
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	42.7%	51.8%	31.7%	21.5%	____%
Ski Lift Gross - Summer	0.4	0.5	0.4	0.1	____
Supporting Margin - Winter	8.3	9.3	7.6	4.7	____
Supporting Margin - Summer	0.4	0.3	0.8	0.2	____
Year Round Margin	2.5	3.9	0.5	0.2	____
TOTAL REVENUE	54.4%	65.8%	41.0%	26.7%	____%
Less:					
Ski Lift Direct Expense	13.8%	16.0%	10.7%	10.9%	____%
Payroll Taxes	1.6	1.4	1.9	1.4	____
Property Operation	2.0	1.5	2.8	2.1	____
OPERATIONS MARGIN	37.0%	46.9%	25.5%	12.3%	____%
Less:					
General & Administrative	6.6%	7.5%	5.6%	4.4%	____%
Marketing (advertising, public relations, promotion, etc.)	2.5	2.8	2.2	1.6	____
Insurance (property, liability)	2.7	2.6	3.1	2.1	____
Land Use Fees (public)	1.1	1.5	0.5	0.2	____
Land Use Fees (private)	0.4	0.5	0.2	0.2	____
Property Taxes	0.9	1.0	0.6	0.6	____
Other Taxes (not income)	0.5	0.6	0.2	0.2	____
Snowmaking	0.9	0.9	0.7	0.8	____
Snow Removal	0.2	0.2	0.1	0.1	____
Miscellaneous	1.3	1.2	1.5	1.8	____
Depreciation & Amortization	6.2	6.9	5.2	5.4	____
OPERATING PROFIT (LOSS)	13.8%	21.2%	5.3%	(5.2%)	____%
Less: Interest	3.3	3.4	3.4	2.1	____
PROFIT (LOSS) BEFORE TAX	10.5%	17.8%	1.9%	(7.3%)	____%
Base	(124)	(52)	(51)	(21)	

TABLE 37

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY PROFITABILITY

	Percent of Revenue				Your
		Top	Bottom		Ski
	Total	Half	Half	Loss	Area
Revenue:					
Ski Lift Gross - Winter	78.5%	78.8%	77.4%	80.5%	%
Ski Lift Gross - Summer	0.8	0.7	0.9	0.5	
Supporting Margin - Winter	15.3	14.1	18.5	17.5	
Supporting Margin - Summer	0.8	0.4	1.9	0.9	
Year Round Margin	4.7	6.0	1.3	0.7	
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	25.4%	24.4%	26.2%	40.9%	%
Payroll Taxes	2.9	2.1	4.7	5.2	
Property Operation	3.6	2.3	6.9	7.7	
OPERATIONS MARGIN	68.0%	71.3%	62.2%	46.1%	%
Less:					
General & Administrative	12.2%	11.4%	13.8%	16.6%	%
Marketing (advertising, public relations, promotion, etc.)	4.6	4.2	5.4	6.1	
Insurance (property, liability)	5.0	3.9	7.6	7.7	
Land Use Fees (public)	2.0	2.3	1.3	0.9	
Land Use Fees (private)	0.7	0.8	0.6	0.7	
Property Taxes	1.6	1.5	1.6	2.3	
Other Taxes (not income)	0.9	1.0	0.6	0.9	
Snowmaking	1.6	1.4	1.8	3.0	
Snow Removal	0.3	0.3	0.3	0.5	
Miscellaneous	2.5	1.8	3.7	6.8	
Depreciation & Amortization	11.4	10.5	12.6	20.2	
OPERATING PROFIT (LOSS)	25.3%	32.2%	12.9%	(19.5%)	%
Less: Interest	6.0	5.2	8.2	7.7	
PROFIT (LOSS) BEFORE TAX	19.4%	27.1%	4.7%	(27.3%)	%
Base	(124)	(52)	(51)	(21)	

TABLE 38

AVERAGE SKI AREA FINANCIAL DATA - BALANCE SHEETS BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)
Assets:				
Current Assets	$ 615	$1,051	$ 320	$ 100
Gross Fixed Assets	3,642	5,015	2,953	1,290
Less: Depreciation	(1,395)	(1,889)	(1,199)	(387)
Other Assets	648	1,231	196	137
TOTAL ASSETS	$3,510	$5,408	$2,270	$1,140
Liability & Net Worth				
Current Liabilities	$ 489	$ 739	$ 320	$ 192
Long-Term Debt	1,089	1,510	895	316
Subordinated Debt	244	324	175	192
Deferred Taxes	114	226	28	12
Other Liabilities	73	85	86	1
Net Worth				
Invested	711	963	504	529
Retained Earnings	790	1,561	262	(102)
TOTAL LIABILITIES & NET WORTH	$3,510	$5,408	$2,270	$1,140
Base	(124)	(52)	(49)	(16)

TABLE 39

ECONOMIC RATIOS - BY PROFITABILITY

	Total	Top Half	Bottom Half	Loss	Your Ski Area
VTF/Hour (000)	4,808	6,861	3,904	1,916	______
VTF/Hour - Demand/Skier Visit	1,608	1,711	1,472	1,488	______
Skier Capacity	2,990	4,010	2,652	1,288	______
Days/Nights of Operation	131	142	132	99	______
Season Capacity (000)	412	579	356	137	______
Actual Skier Visits (000)	181	285	128	52	______
Profit (Loss) Before Tax (000)	$ 378	$ 893	$ 57	$ (120)	$______
Plus: Depreciation (000)	$ 223	$ 347	$ 152	$ 89	$______
Before Tax Cash Flow (000)	$ 601	$1,240	$ 209	$ (31)	$______
Operating Profit (Loss) (000)	$ 495	$1,063	$ 156	$ (86)	$______
Cash Operating Costs (000)	$1,235	$1,889	$ 899	$ 437	$______
Gross Fixed Assets (000)	$3,593	$5,015	$2,944	$1,649	$______
Secured Debt (000)	$1,333	$1,834	$1,070	$ 508	$______
Equity (000)	$1,501	$2,524	$ 766	$ 427	$______
Critical Ratios					
Health (Debt to Cash Flow)	2.2X	1.5X	5.1X	-	______X
Profitability:					
Operating Profit on GFA	13.8%	21.2%	5.3%	Loss	______%
Profit (BT) on Equity	25.2%	35.4%	7.4%	Loss	______%
Performance:					
Average Utilization	43.9%	49.2%	36.0%	38.0%	______%
Days/Nights of Operation	131	142	132	99	______
Policy & Planning:					
Capital/Capacity Ratio	$1,202	$1,251	$1,110	$1,280	$______
Operating/Capacity Ratio	$ 3.00	$ 3.26	$ 2.53	$ 3.19	$______
Revenue/Skier Visit:					
Ski Lift Gross	$ 8.47	$ 9.12	$ 7.30	$ 6.79	$______
Ski School Margin	$ .31	$ .35	$ .23	$ .16	$______
Food Service Margin	$ .32	$ .32	$ .34	$ .15	$______
Bar Margin	$ .18	$ .15	$ .24	$ .16	$______
Ski Shop Margin	$ .18	$ .19	$ .15	$ .16	$______
Ski Rental Margin	$ .41	$ .38	$ .47	$ .47	$______
Other Margin	$ .09	$ .09	$ .08	$ .18	$______
Total - Revenue/Skier Visit	$ 9.96	$10.60	$ 8.81	$ 8.07	$______
Base	(124)	(52)	(51)	(21)	

VI

SKI AREA DEPARTMENTAL OPERATIONS

Skiers require a variety of supporting services in order to participate in their sport. In general, these services are revenue producers and each should be organized to provide some contribution to gross margin.

Departmental Operations

Table 40 summarizes the departmental operations for 12 departments during both winter and summer seasons. Since the range of supporting services varies substantially, this data represents averages from among only those areas who reported owning and operating such supporting services. The number of ski areas reporting such operations is noted in the right hand column labeled "base." For example, only 31 ski areas or 25 percent reported operating accommodations, thus the data shown is from a sample of only 31.

In addition to the departmental direct cost breakdown, Table 40 includes gross sales per skier visit for the seven major categories. These departments account for 84 percent of ski area gross revenue. These averages have also been calculated using only those ski areas that report owning and operating these departments. Thus, the gross margins calculated from Table 40 will not equate with the average ski industry margins shown with the economic ratios (Table 31). For instance, the bar department margin on Table 40 amounts to

$0.36/skier visit, whereas on Table 31 it is shown as $0.18/skier visit. While the industry average is based on all 124 respondents, the Table 40 data is based on only the 69 respondents who have a bar as part of their operation.

One upgraded item involves cost of goods sold in the rental department. The 1978-79 survey asked specifically for including a rental equipment depreciation allowance under cost of goods sold since this equipment is typically replaced every three to five seasons.

Tables 41 through 43 summarize departmental data by profitability. This breakdown is also included by ski area type (Tables 44-46) and by geographic region (Chapter VII, Table 58).

Ski Area Concessions

Table 47 summarizes ski area concession operations.

Ski Area Employment

Tables 48 and 49 summarize ski area employment. These 124 ski areas employed an average of 19,000 persons daily. If the balance of the ski areas had similar staffing, the ski area industry employed an average of 38,300 persons daily.

Ski Lift Department Detail

Table 50 contains the ski lift department breakdowns.

Ski Area Insurance Costs

Ski area insurance costs have been a major concern of the industry over the recent past. Seventy-four ski areas provided data concerning property, etc., and liability insurance costs. Their cost experience was:

Property Insurance Expense	$26,435	(37.7%)
Liability Insurance Expense	43,653	(62.3%)
Total Insurance Expense	$70,088	(100.0%)

Fifty ski areas lumped their insurance costs together and reported a cost of $28,153. Assuming that the property/liability ratio remains the same for the 50 ski areas who provided only one lumped figure results in allocating 37.7 percent to property and 62.3 percent to liability. Thus, the 1978-79 figures probably look like this:

Cost - Property Insurance	$37,023	(37.7%)
Cost - Liability Insurance	61,180	(62.3%)
Cost - Total Insurance	$98,203	(100.0%)

Logically property insurance is some function of the property value, while liability insurance is typically measured as a percent of revenue. Thus the following relationships have been calculated:

Property Insurance / Gross Fixed Assets
$37,023 / $3,593,000 = 1.0%

Liability Insurance / Total Revenue
$61,180 / $1,955,702 = 3.1%

Liability Insurance / Gross Operating Revenue[a]
$61,180 / $2,428,120 = 2.5%

[a] For purposes of this measure Gross Operating Revenue is defined as all gross revenue less real estate and utility departmental revenue and less all concession revenue.

TABLE 40

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN TOTAL SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$ 8.474	100.0%	- %	19.3%	11.8%	68.9%	(124)
Ski School	1.138	100.0	-	57.6	7.6	34.8	(91)
Food Service	1.875	100.0	40.0	28.5	11.0	20.5	(90)
Bar	.845	100.0	28.6	20.2	9.3	42.0	(69)
Retail	1.219	100.0	60.1	10.8	4.1	25.0	(63)
Rental	1.016	100.0	14.5[a]	19.4	5.9	60.1	(84)
Accommodations	-	100.0	-	27.0	29.2	43.8	(31)
Other	.228	100.0	10.0	32.6	8.7	48.7	(91)
	$14.795						
YEAR ROUND:							
Real Estate		100.0	57.0	4.7	5.5	32.8	(20)
Utility		100.0	-	28.9	81.3	(10.1)	(12)
Miscellaneous		100.0	6.0	5.0	5.4	83.6	(57)
SUMMER SEASON:							
Lift Department		100.0	-	81.1	57.8	(38.9)	(29)
Food Service		100.0	40.2	40.4	16.8	2.6	(33)
Retail		100.0	54.1	22.6	6.3	17.0	(18)
Sports		100.0	-	56.6	41.6	1.8	(16)
Accommodations		100.0	-	37.7	30.2	32.0	(20)
Slide		100.0	0.1	20.3	17.8	61.8	(7)

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[a] Represents retirement and replacement of rental equipment.

TABLE 41

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN TOP PROFIT SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$ 9.116	100.0%	- %	18.2%	11.3%	70.5%	(52)
Ski School	1.300	100.0	-	59.3	6.9	33.8	(39)
Food Service	1.848	100.0	39.2	27.6	11.6	21.6	(35)
Bar	.859	100.0	28.1	19.8	8.1	43.9	(2[illegible])
Retail	1.193	100.0	56.3	10.2	4.5	29.0	(26)
Rental	.952	100.0	13.3[a]	20.1	6.3	60.3	(35)
Accommodations	-	100.0	-	25.8	28.1	46.1	(16)
Other	.220	100.0	10.0	35.6	7.6	46.8	(40)
	$15.488						
YEAR ROUND:							
Real Estate		100.0	58.4	4.6	5.0	32.1	(12)
Utility		100.0	-	22.5	81.0	(3.5)	(6)
Miscellaneous		100.0	6.9	4.2	3.1	85.8	(31)
SUMMER SEASON							
Lift Department		100.0	-	85.0	75.3	(60.3)	(16)
Food Service		100.0	37.6	42.5	20.5	(0.6)	(14)
Retail		100.0	57.6	23.9	8.3	10.2	(9)
Sports		100.0	-	54.1	47.2	(1.3)	(6)
Accommodations		100.0	-	51.4	38.6	10.0	(8)
Slide		100.0	-	14.9	14.2	70.8	(2)

[a] Represents retirement and replacement of rental equipment.

TABLE 42

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN BOTTOM PROFIT SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$ 7.299	100.0%	- %	21.0%	11.7%	67.3%	(51)
Ski School	.781	100.0	-	49.4	10.6	39.9	(39)
Food Service	1.859	100.0	41.2	29.3	9.2	20.4	(42)
Bar	.776	100.0	29.5	19.5	9.3	41.7	(39)
Retail	1.263	100.0	67.0	11.7	3.6	17.6	(27)
Rental	1.146	100.0	16.5[a]	17.7	5.1	60.7	(37)
Accommodations	-	100.0	-	26.4	32.3	41.3	(13)
Other	.224	100.0	11.2	28.1	12.4	48.3	(38)
	$13.348						
YEAR ROUND:							
Real Estate		100.0	34.6	2.2	2.0	61.2	(6)
Utility		100.0	-	75.9	83.9	(59.8)	(5)
Miscellaneous		100.0	1.4	10.0	17.5	71.1	(22)
SUMMER SEASON:							
Lift Department		100.0	-	72.2	23.7	4.1	(11)
Food Service		100.0	42.4	39.2	14.1	4.4	(15)
Retail		100.0	~~48.6~~	20.7	4.0	26.7	(8)
Sports		100.0	-	52.7	35.1	12.2	(7)
Accommodations		100.0	-	33.8	28.5	37.7	(10)
Slide		100.0	0.2	27.4	22.5	49.9	(5)

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[a] Represents retirement and replacement of rental equipment.

TABLE 43

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN
LOSS SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$ 6.788	100.0%	- %	28.7%	21.6%	49.7%	(21)
Ski School	.871	100.0	-	66.7	6.2	27.1	(13)
Food Service	2.461	100.0	42.1	34.3	16.4	7.2	(13)
Bar	1.447	100.0	25.9	27.9	18.7	27.5	(5)
Retail	1.318	100.0	68.5	12.5	1.9	17.0	(10)
Rental	1.088	100.0	15.8[a]	22.1	7.2	54.9	(12)
Accommodations	-	100.0	-	41.6	18.1	40.2	(2)
Other	.393	100.0	4.0	21.1	4.4	70.5	(13)
	$14.366						
YEAR ROUND:							
Real Estate		100.0	-	15.5	51.9	32.6	(2)
Utility		100.0	-	-	-	100.0	(1)
Miscellaneous		100.0	-	-	6.3	93.7	(4)
SUMMER SEASON:							
Lift Department		100.0	-	89.2	-	10.8	(2)
Food Service		100.0	39.8	39.6	16.5	4.0	(4)
Retail		100.0	60.9	21.7	-	17.4	(1)
Sports		100.0	-	82.1	32.1	(14.3)	(3)
Accommodations		100.0	-	35.5	22.6	41.9	(2)
Slide		100.0	-	-	-	-	(-)

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[a] Represents retirement and replacement of rental equipment.

TABLE 44

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN VACATION ORIENTED SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$ 9.319	100.0%	- %	19.7%	11.0%	69.3%	(33)
Ski School	1.490	100.0	-	63.6	7.4	29.0	(25)
Food Service	2.188	100.0	36.4	28.3	13.7	21.6	(21)
Bar	1.080	100.0	27.2	20.1	11.0	41.7	(18)
Retail	1.121	100.0	55.8	9.9	4.5	29.8	(13)
Rental	.761	100.0	15.0[a]	20.1	5.7	59.1	(20)
Accommodations	-	100.0	-	25.5	25.4	49.1	(16)
Other	.169	100.0	1.4	41.1	9.2	48.3	(21)
	$16.128						
YEAR ROUND:							
Real Estate		100.0	53.7	4.4	5.9	36.0	(13)
Utility		100.0	-	23.3	85.7	(9.0)	(6)
Miscellaneous		100.0	0.6	9.9	6.0	83.6	(18)
SUMMER SEASON:							
Lift Department		100.0	-	86.9	78.7	(65.6)	(17)
Food Service		100.0	40.3	40.8	17.5	1.4	(13)
Retail		100.0	46.3	23.8	7.2	22.7	(8)
Sports		100.0	-	54.5	41.1	4.4	(4)
Accommodations		100.0	-	41.9	32.4	25.7	(11)
Slide		100.0	-	33.1	4.6	62.3	(1)

[a] Represents retirement and replacement of rental equipment.

TABLE 45

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN
DAY SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$ 6.932	100.0%	- %	19.8%	12.3%	67.9%	(61)
Ski School	.887	100.0	-	45.4	8.6	46.0	(46)
Food Service	1.472	100.0	42.7	29.4	8.5	19.4	(48)
Bar	.660	100.0	29.6	20.3	6.9	43.2	(38)
Retail	1.051	100.0	64.6	12.6	3.6	19.1	(32)
Rental	1.208	100.0	15.4[a]	17.9	5.9	60.8	(43)
Accommodations	-	100.0	-	36.2	37.3	26.4	(7)
Other	.214	100.0	9.8	25.7	9.9	54.6	(48)
	$12.424						
YEAR ROUND:							
Real Estate		100.0	-	-	-	-	(-)
Utility		100.0	-	83.9	1.8	14.3	(3)
Miscellaneous		100.0	1.5	1.8	5.2	91.5	(28)
SUMMER SEASON:							
Lift Department		100.0	-	91.1	16.2	(7.3)	(8)
Food Service		100.0	39.0	36.4	19.3	5.4	(11)
Retail		100.0	54.6	10.9	3.4	31.1	(2)
Sports		100.0	-	35.4	32.3	32.3	(4)
Accommodations		100.0	-	41.6	18.4	40.0	(3)
Slide		100.0	0.2	18.9	19.4	61.5	(3)

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[a] Represents retirement and replacement of rental equipment.

TABLE 46

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN WEEKEND SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$ 9.020	100.0%	- %	17.7%	12.9%	69.4%	(27)
Ski School	.812	100.0	-	56.7	6.4	36.9	(18)
Food Service	2.119	100.0	42.8	27.7	9.5	20.0	(18)
Bar	.987	100.0	29.1	20.1	11.1	39.7	(13)
Retail	1.591	100.0	59.6	9.8	4.2	26.4	(16)
Rental	1.065	100.0	12.6[a]	21.5	5.9	60.0	(19)
Accommodations	-	100.0	-	28.5	36.7	34.8	(8)
Other	.344	100.0	17.1	31.7	7.1	44.2	(20)
	$15.938						
YEAR ROUND:							
Real Estate		100.0	63.5	5.1	4.7	26.6	(6)
Utility		100.0	-	24.9	89.4	(14.3)	(3)
Miscellaneous		100.0	11.0	2.7	5.0	81.2	(11)
SUMMER SEASON:							
Lift Department		100.0	-	26.9	0.5	72.6	(4)
Food Service		100.0	40.8	42.2	14.1	3.0	(9)
Retail		100.0	65.6	24.6	6.0	3.7	(8)
Sports		100.0	-	68.9	46.3	(15.2)	(8)
Accommodations		100.0	-	27.8	27.5	44.7	(6)
Slide		100.0	-	18.7	19.3	61.9	(3)

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[a] Represents retirement and replacement of rental equipment.

TABLE 47

SKI AREA CONCESSION OPERATIONS

Supporting Departments	Percent of Ski Areas: Do Not Have	Percent of Ski Areas: Own	Percent of Ski Areas: Concession	Average Concession Revenue (000)
WINTER SEASON:				
Ski School	3.2%	76.6%	20.2%	$ 14.1
Food Service	0.8	71.8	27.4	47.2
Bar	29.9	54.8	15.3	21.9
Retail Shop	16.9	49.2	33.9	15.8
Rental Shop	8.1	68.5	23.4	25.9
Accommodations	71.0	25.0	4.0	27.4
SUMMER SEASON:				
Food Service	67.0	28.2	4.8	5.4
Retail Shop	79.1	17.7	3.2	5.0
Sports Department	86.3	13.7	-	-
Accommodations	83.1	16.9	-	-
Slide	92.7	5.6	1.6	47.5

TABLE 48

NUMBER OF EMPLOYEES PER AVERAGE DAY, BY DEPARTMENT

	Lift	Ski School	Food Service	Rental Shop	Bar	Retail Store	Accommodations	Other	Total[a]
Total Sample	40	27	23	7	5	5	18	28	125
Geographic:									
New England	38	23	22	5	6	5	35	33	134
East & Ontario	26	19	21	6	3	3	4	15	85
Mid-West	15	7	12	5	4	3	6	14	58
Central Rockies	68	63	30	7	7	5	14	25	170
Northern Rockies	39	21	19	6	4	4	18	26	113
California & Nevada	61	34	53	14	8	11	17	70	237
Pacific Northwest	34	13	18	5	4	5	11	14	88
Type:									
Day	26	15	14	6	3	3	8	16	76
Weekend	37	19	27	9	4	4	12	43	135
Vacation	71	55	45	7	10	9	25	38	213
Weekend Only	5	7	3	2	1	2	-	-	17
Profitability:									
Top Profit	55	45	36	10	7	6	15	43	178
Bottom Profit	37	15	18	6	4	5	22	17	100
Loss	15	10	9	3	2	2	10	13	47
By Size (VTF/Hour):									
Under 1,000	6	6	4	3	1	1	1	5	21
1,000-2,499	15	10	8	4	2	2	8	15	50
2,500-3,999	26	15	16	6	3	3	8	18	82
4,000-5,499	41	23	19	7	6	4	22	17	109
Over 5,500	88	62	60	13	12	11	30	54	276

[a] Will not add due to various different base responses.

TABLE 49

NUMBER OF EMPLOYEES PER PEAK DAY BY DEPARTMENTS

	Lift	Ski School	Food Service	Rental Shop	Bar	Retail Store	Accommodations	Other	Total[a]
Total Sample	54	51	36	11	8	7	25	39	191
Geographic:									
New England	57	47	37	10	8	7	40	54	219
East & Ontario	39	51	38	11	6	5	5	23	168
Midwest	24	15	25	10	8	5	20	23	111
Central Rockies	80	95	38	11	9	8	18	31	223
Northern Rockies	57	39	28	10	8	5	27	28	166
California & Nevada	75	61	68	19	13	15	25	85	320
Pacific Northwest	49	50	32	11	8	9	15	21	166
Type:									
Day	40	42	24	11	6	5	9	23	140
Weekend	51	37	42	14	7	7	17	55	200
Vacation	86	82	60	11	15	13	37	55	296
Weekend Only	7	14	4	4	1	5	-	2	32
Profitability:									
Top Profit	70	74	51	15	11	9	23	60	258
Bottom Profit	51	38	31	10	7	8	30	24	167
Loss	22	25	15	5	5	3	16	20	85
By Size (VTF/Hour):									
Under 1,000	10	15	7	7	2	3	2	13	45
1,000-2,499	21	21	13	8	5	3	12	21	82
2,500-3,999	41	39	29	11	5	5	11	23	145
4,000-5,499	56	58	36	11	10	6	40	28	198
Over 5,500	108	95	78	18	17	17	38	74	372

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[a] Will not add due to various different base responses.

TABLE 50

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY PROFITABILITY

	Total Sample	High	Low	Loss	Your Ski Area
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	______%
LESS:					
Ski Lift Payroll	7.0	6.4	8.1	10.8	______
Ski Patrol Payroll	3.2	3.2	3.1	3.6	______
Slope Maintenance Payroll	2.4	2.2	2.5	4.7	______
Maintenance & Repair Payroll	3.9	3.6	4.4	5.4	______
Ticket Sales Payroll	1.2	1.2	1.2	1.8	______
Other Payroll	1.6	1.6	1.7	2.4	______
TOTAL PAYROLL	19.3	18.2	21.0	28.7	______
OTHER DIRECT	11.8	11.3	11.7	21.6	______
GROSS MARGIN	68.9%	70.6%	67.4%	49.7%	______%
Base	(124)	(52)	(51)	(21)	

VII

REGIONAL SKI AREA CHARACTERISTICS

This chapter offers a look at ski area similarities and differences by geographic regions. Table 51 summarizes the significant ski area characteristics, while Table 52 presents the eight critical variables by geographic location. Tables 53-55 contain average regional area income statements compared to both gross fixed assets and revenue. Table 56 illustrates lift department direct costs. Table 57 breaks out the regional balance sheets. Table 58 summarizes departmental breakdowns. Again due to the large number of tables, they all appear at the end of the chapter.

Observations

The larger areas are found in the Rockies and the West where the mountains are larger and the snow cover deeper and more dependable. This also means that the Rockies contain a larger share of the vacation areas while the other sections are heavy on day use areas. There are many more beds at Rockies areas, again indicative of their focus on vacation destination resorts.

Eastern and Midwestern areas depend heavily upon snowmaking. Divisions of terrain by difficulty appear rather standard all across the nation. This can be misleading as each ski area classifies their terrain in relation to other terrain at that area. What in Colorado may be more difficult (intermediate) might be most difficult (expert) in Wisconsin.

There are some interesting geographic differences that effect profitability. In 1977-78 the most profitable regions were the East, including Ontario and the California/Nevada region. Not coincidentally, they also contain large population concentrations. Both regions benefit from relatively long operating seasons due mainly to a high number of night operations. The eastern region also recorded the second highest utilization rate (50 percent), whereas the California/Nevada region reported the highest revenue per skier visit ($10.57). In the current 1978-79 year, the Central and Northern Rockies recorded higher utilizations and better returns, due mainly to more favorable winter weather. The California/Nevada region continued to show excellent profitability, while the East dropped.

The Midwest region shows the lowest operating profit on GFA (3.7 percent), due mainly to an extremely low utilization, due also to a very cold winter which kept skiers home.

The Northern Rockies showed good profitability with an above average season (142 days/nights), average utilization (42.1 percent), below average revenue per skier visit ($8.60), and a very efficient operation exhibited by a low operating cost/capacity ratio ($2.36).

New England and Pacific Northwest areas achieved rather similar marginal profitability with entirely different business philosophies. New England areas suffered from a very short season, attained average utilization with high operating costs, and the highest average revenue per skier visit.

In complete contrast, the Pacific Northwest ski areas achieved essentially the same returns with a better than average season (138 days/nights), the second lowest utilization rate (30.8 percent), the lowest revenue per skier visit ($7.97), and the most efficient or lowest operating cost per season capacity ratio ($1.77). They also show the second lowest investment per skier capacity.

TABLE 51
AVERAGE SKI AREA CHARACTERISTICS BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
SIZE							
VTF/Hour (000)	4,908	3,312	2,043	6,551	5,129	7,308	4,691
Gross Fixed Assets (000)	$4,015	$2,732	$1,665	$5,083	$2,889	$5,846	$2,913
Skiable Acres	139	113	59	446	976	707	633
LOCATION							
Within 50 Miles of SMSA	24%	44%	50%	16%	38%	25%	14%
With 6+ Areas in 1 Hour	81%	25%	15%	8%	12%	50%	0%
SITE CHARACTERISTICS							
Number of Beds at Base	254	89	139	1,851	549	1,902	192
Number of Beds (10 Miles)	1,523	759	1,656	3,621	1,579	5,721	445
With Snowmaking	76%	100%	90%	56%	12%	42%	7%
With Night Skiing	19%	63%	75%	4%	31%	17%	57%
Terrain: Beginner	26%	24%	30%	26%	16%	24%	21%
Intermediate	54%	52%	49%	45%	55%	52%	49%
Expert	20%	24%	21%	29%	29%	24%	30%
BUSINESS CHARACTERISTICS							
Operating With USFS Permit	19%	0%	10%	96%	69%	75%	93%
Engaged in Land Development	43%	37%	35%	36%	37%	8%	21%
Annual Growth in S-V (5 years)	3%	11%	4%	8%	6%	15%	4%
OPERATIONAL CHARACTERISTICS							
Average Days/Nights of Operation	88	117	149	134	142	163	138
Average Peak Day Crowd	3,609	3,638	2,021	4,407	3,222	5,537	3,557
Average Skier Visits (000)	138	135	83	277	160	354	143
Average Age of Ski Areas	25 years	19 years	22 years	20 years	21 years	21 years	19 years
ECONOMIC CHARACTERISTICS							
Average Revenue/Skier Visit	$11.16	$ 9.64	$ 8.36	$10.65	$ 8.60	$10.55	$ 7.97
Avg. Lift Ticket Revenue/S-V	$ 9.04	$ 7.49	$ 6.05	$ 9.53	$ 7.52	$ 9.13	$ 6.91
Avg. Adult Lift Ticket Price							
Weekend	$12.05	$11.56	$ 9.97	$11.51	$ 9.61	$11.62	$ 9.45
Weekday	$ 9.67	$ 9.36	$ 7.77	$11.10	$ 9.62	$11.12	$ 8.41
Average Night Ticket Price	$ 5.51	$ 6.85	$ 5.64	$ 6.50	$ 5.60	$ 6.00	$ 6.45
Avg. Adult Season Ticket Price	$ 236	$ 216	$ 153	$ 246	$ 197	$ 268	$ 220
Average Utilization	40%	51%	27%	63%	42%	43%	31%
Average Profit (Loss) Before Tax (000)	$ 148	$ 256	$ 12	$ 756	$ 390	$ 981	$ 175
Ratio: Revenue/GFA	43%	57%	44%	62%	53%	66%	42%
Base	(21)	(16)	(20)	(25)	(16)	(12)	(14)

TABLE 52

ECONOMIC RATIOS - BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
VTF/Hour (000)	4,908	3,312	2,043	6,551	5,129	7,308	4,691
VTF/Hour-Demand/Skier Visit	1,500	1,471	1,000	2,000	2,000	1,500	1,500
Skier Capacity	3,272	2,252	2,043	3,278	2,564	4,872	3,127
Days/Nights of Operation	88	117	149	134	142	163	138
Season Capacity (000)	342	268	310	441	380	822	463
Actual Skier Visits (000)	138	135	83	277	160	354	143
Profit (loss) Before Tax (000)	$ 148	$ 256	$ 12	$ 756	$ 390	$ 981	$ 175
Plus: Depreciation (000)	$ 204	$ 207	$ 98	$ 330	$ 155	$ 425	$ 166
Before Tax Cash Flow (000)	$ 352	$ 463	$ 110	$1,086	$ 545	$1,406	$ 341
Operating Profit (loss) (000)	$ 313	$ 329	$ 62	$ 936	$ 470	$1,171	$ 242
Cash Operating Costs (000)	$1,219	$1,018	$ 579	$1,875	$ 896	$2,250	$ 820
Gross Fixed Assets (000)	$4,015	$2,732	$1,665	$5,083	$2,889	$5,846	$2,913
Secured Debt (000)	$1,996	$ 914	$ 440	$2,158	$1,213	$1,322	$ 734
Equity (000)	$1,241	$1,107	$ 637	$2,511	$1,396	$2,776	$ 718
Critical Ratios							
Health (Debt to Cash Flow)	5.7X	2.0X	4.0X	2.0X	2.2X	0.9X	2.2X
Profitability:							
Operating Profit on GFA	7.8%	12.0%	3.7%	18.4%	16.3%	20.0%	8.3%
Profit (BT) on Equity	11.9%	23.1%	1.9%	30.1%	27.9%	35.3%	24.4%
Performance:							
Average Utilization	40.4%	50.5%	26.6%	62.7%	42.1%	43.1%	30.8%
Days/Nights of Operation	88	117	149	134	142	163	138
Policy & Planning:							
Capital/Capacity Ratio	$1,227	$1,213	$ 815	$1,551	$1,127	$1,200	$ 932
Operating/Capacity Ratio	$ 3.56	$ 3.80	$ 1.87	$ 4.25	$ 2.36	$ 2.74	$ 1.77
Revenue/Skier Visit:							
Ski Lift Gross	$ 9.04	$ 7.49	$ 6.05	$ 9.53	$ 7.52	$ 9.13	$ 6.91
Ski School Margin	$ .37	$ .62	$ .25	$ .35	$ .15	$ .26	$ .08
Food Service Margin	$ .62	$ .27	$ .42	$ .26	$ .29	$ .29	$ .17
Bar Margin	$ .32	$ .30	$ .28	$ .06	$ .15	$ .10	$ .34
Ski Shop Margin	$ .29	$ .17	$ .15	$ .11	$ .10	$ .27	$ .17
Ski Rental Margin	$ .40	$ .69	$ 1.03	$ .30	$ .22	$ .37	$ .33
Other Margin	$ .12	$ .10	$ .18	$ .04	$ .17	$ .13	$ (.03)
Total - Revenue/Skier Visit	$11.16	$ 9.64	$ 8.36	$10.65	$ 8.60	$10.55	$ 7.97
Base	(21)	(16)	(20)	(25)	(16)	(12)	(14)

TABLE 53

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)
Gross Fixed Assets	$4,015	$2,732	$,1665	$5,083	$2,889	$5,846	$2,913
Revenue:							
Ski Lift Gross - Winter	$1,251	$1,014	$ 499	$2,636	$1,202	$3,234	$ 987
Ski Lift Gross - Summer	23	8	-	13	32	12	22
Supporting Margin - Winter	353	332	216	329	201	508	172
Supporting Margin - Summer	31	39	9	-	6	2	30
Year Round Margin	78	161	15	163	80	90	17
TOTAL REVENUE	$1,736	$1,554	$ 739	$3,141	$1,521	$3,846	$1,228
Less:							
Ski Lift Direct Expense	$ 380	$ 354	$ 174	$ 912	$ 411	$ 884	$ 328
Payroll Taxes	77	37	39	48	28	136	50
Property Operation	100	103	43	32	50	116	88
OPERATIONS MARGIN	$1,179	$1,060	$ 483	$2,149	$1,032	$2,710	$ 762
Less:							
General & Administrative	$ 217	$ 205	$ 111	$ 335	$ 161	$ 525	$ 163
Marketing (advertising, public relations, promotion, etc.)	133	76	41	149	61	72	49
Insurance (property, liability)	107	103	61	102	58	179	68
Land Use Fees (public)	31	-	3	81	32	96	28
Land Use Fees (private)	-	5	13	24	30	23	2
Property Taxes	35	21	13	40	23	71	21
Other Taxes (not income)	29	18	10	33	3	5	4
Snowmaking	58	83	23	33	2	21	-
Snow Removal	7	2	2	4	9	15	11
Miscellaneous	45	11	46	82	28	107	8
Depreciation & Amortization	204	207	98	330	155	425	166
OPERATING PROFIT (LOSS)	$ 313	$ 329	$ 62	$ 936	$ 470	$1,171	$ 242
Less: Interest	165	73	50	180	80	190	67
PROFIT (LOSS) BEFORE TAX	$ 148	$ 256	$ 12	$ 756	$ 390	$ 981	$ 175
Base	(21)	(16)	(20)	(25)	(16)	(12)	(14)

TABLE 54

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY GEOGRAPHIC LOCATION

	Percent of Gross Fixed Assets						
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:							
Ski Lift Gross - Winter	31.2	37.1	30.0	51.9	41.6	55.3	33.9
Ski Lift Gross - Summer	0.6	0.3	-	0.3	1.1	0.2	0.8
Supporting Margin - Winter	8.8	12.2	13.0	6.5	7.0	8.7	5.9
Supporting Margin - Summer	0.8	1.4	0.5	-	0.2	0.0	1.0
Year Round Margin	1.9	5.9	0.9	3.2	2.8	1.5	0.6
TOTAL REVENUE	43.2%	56.9%	44.4%	61.8%	52.6%	65.8%	42.2%
Less:							
Ski Lift Direct Expense	9.5	13.0	10.5	17.9	14.2	15.1	11.3
Payroll Taxes	1.9	1.4	2.3	0.9	1.0	2.3	1.7
Property Operation	2.5	3.8	2.6	0.6	1.7	2.0	3.0
OPERATIONS MARGIN	29.4%	38.8%	29.0%	42.3%	35.7%	46.4%	26.2%
Less:							
General & Administrative	5.4	7.5	6.7	6.6	5.6	9.0	5.6
Marketing (advertising, public relations, promotion, etc.)	3.3	2.8	2.5	2.9	2.1	1.2	1.7
Insurance (property, liability)	2.7	3.8	3.7	2.0	2.0	3.1	2.3
Land Use Fees (public)	0.8	-	0.2	1.6	1.1	1.6	1.0
Land Use Fees (private)	-	0.2	0.8	0.5	1.0	0.4	0.1
Property Taxes	0.9	0.8	0.8	0.8	0.8	1.2	0.7
Other Taxes (not income)	0.7	0.7	0.6	0.6	0.1	0.1	0.1
Snowmaking	1.4	3.0	1.4	0.6	0.1	0.4	-
Snow Removal	0.2	0.1	0.1	0.1	0.3	0.3	0.4
Miscellaneous	1.1	0.4	2.8	1.6	1.0	1.8	0.3
Depreciation & Amortization	5.1	7.6	5.9	6.5	5.4	7.3	5.7
OPERATING PROFIT (LOSS)	7.8%	12.0%	3[illegible]	18.4%	16.3%	20.0%	8.3%
Less: Interest	4.1	2.7	3.0	3.5	2.8	3.3	2.3
PROFIT (LOSS) BEFORE TAX	3.7%	9.4%	0.7%	14.9%	13.5%	16.8%	6.0%
Base	(21)	(16)	(20)	(25)	(16)	(12)	(14)

TABLE 55

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY GEOGRAPHIC LOCATION

	Percent of Revenue						
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Revenue:							
Ski Lift Gross - Winter	72.1%	65.3%	67.5%	83.9%	79.0%	84.1%	80.4%
Ski Lift Gross - Summer	1.3	0.5	-	0.4	2.1	0.3	1.8
Supporting Margin - Winter	20.3	21.4	29.2	10.5	13.2	13.2	14.0
Supporting Margin - Summer	1.8	2.5	1.2	-	0.4	0.1	2.4
Year Round Margin	4.5	10.4	2.0	5.2	5.3	2.3	1.4
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:							
Ski Lift Direct Expense	21.9	22.8	23.5	29.0	27.0	23.0	26.7
Payroll Taxes	4.4	2.4	5.3	1.5	1.8	3.5	4.1
Property Operation	5.8	6.6	5.8	1.0	3.3	3.0	7.2
OPERATIONS MARGIN	67.9%	68.2%	65.4%	68.4%	67.9%	70.5%	62.1%
Less:							
General & Administrative	12.5	13.2	15.0	10.7	10.6	13.7	13.3
Marketing (advertising, public relations, promotion, etc.)	7.7	4.9	5.5	4.7	4.0	1.9	4.0
Insurance (property, liability)	6.2	6.6	8.3	3.2	3.8	4.7	5.5
Land Use Fees (public)	1.8	-	0.4	2.6	2.1	2.5	2.3
Land Use Fees (private)	-	0.3	1.8	0.8	2.0	0.6	0.2
Property Taxes	2.0	1.4	1.8	1.3	1.5	1.8	1.7
Other Taxes (not income)	1.7	1.2	1.4	1.1	0.2	0.1	0.3
Snowmaking	3.3	5.3	3.1	1.1	0.1	0.5	-
Snow Removal	0.4	0.1	0.3	0.1	0.6	0.4	0.9
Miscellaneous	2.6	0.7	6.2	2.6	1.8	2.8	0.7
Depreciation & Amortization	11.8	13.3	13.3	10.5	10.2	11.1	13.5
OPERATING PROFIT (LOSS)	18.0%	21.2%	8.4%	29.8%	30.9%	30.4%	19.7%
Less: Interest	9.5	4.7	6.8	5.7	5.3	4.9	5.5
PROFIT (LOSS) BEFORE TAX	8.5%	16.5%	1.6%	24.1%	25.6%	25.5%	14.3%
Base	(21)	(16)	(20)	(25)	(16)	(12)	(14)

TABLE 56

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
SKI LIFT GROSS:							
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:							
Ski Lift Payroll	6.8%	5.5%	8.0%	7.1%	8.4%	5.5%	10.2%
Ski Patrol Payroll	2.5	1.0	1.2	4.2	3.8	2.6	3.6
Slope Maintenance Payroll	1.0	3.5	2.5	2.8	2.0	2.2	1.8
Maintenance & Repair Payroll	3.9	3.4	5.5	4.3	4.1	3.2	3.6
Ticket Sales Payroll	0.9	1.1	2.1	1.4	1.1	0.8	1.6
Other Payroll	0.4	2.3	1.2	2.0	1.2	2.1	0.8
TOTAL PAYROLL	15.5%	16.8%	20.4%	22.0%	20.7%	16.4%	21.7%
OTHER DIRECT	12.6%	16.7%	14.5%	11.5%	10.8%	10.0%	9.9%
GROSS MARGIN	71.9%	66.5%	65.1%	66.5%	68.5%	73.6%	68.4%
Base	(21)	(16)	(20)	(25)	(16)	(12)	(14)

TABLE 57

AVERAGE SKI AREA FINANCIAL DATA - BALANCE SHEETS BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)
Assets							
Current Assets	$ 645	$ 526	$ 162	$1,008	$ 600	$ 929	$ 348
Gross Fixed Assets	4,016	2,580	1,727	5,108	3,098	5,846	2,913
Less: Depreciation	(1,557)	(935)	(670)	(1,881)	(1,083)	(2,295)	(1,313)
Other Assets	675	354	134	1,638	497	585	109
TOTAL ASSETS	$3,779	$2,525	$1,353	$5,873	$3,112	$5,065	$2,057
Liabilities & Net Worth							
Current Liabilities	$ 457	$ 443	$ 248	$ 874	$ 347	$ 535	$ 349
Long-Term Debt	1,431	821	379	1,765	1,210	1,002	631
Subordinated Debt	565	93	61	393	3	320	103
Deferred Taxes	60	49	16	266	57	322	8
Other Liabilities	25	12	12	64	99	110	248
Net Worth							
Invested	679	430	419	958	997	936	532
Retained Earnings	562	677	218	1,553	399	1,840	186
TOTAL LIABILITIES & NET WORTH	$3,779	$2,525	$1,353	$5,873	$3,112	$5,065	$2,057
Base	(20)	(14)	(19)	(24)	(14)	(12)	(14)

TABLE 58

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN NEW ENGLAND SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$ 9.044	100.0%	- %	15.5%	12.6%	71.9%	(21)
Ski School	1.052	100.0	-	49.6	8.7	41.7	(15)
Food Service	2.129	100.0	36.1	24.4	8.6	31.0	(18)
Bar	.737	100.0	24.3	17.5	9.7	48.5	(15)
Retail	1.524	100.0	58.5	10.1	5.4	26.0	(11)
Rental	.760	100.0	14.2[a]	15.8	5.2	64.8	(14)
Accommodations	-	100.0	-	24.0	30.6	45.4	(6)
Other	.459	100.0	12.1	34.8	11.9	41.2	(11)
	$15.705						
YEAR ROUND:							
Real Estate		100.0	41.5	11.9	5.2	41.5	(5)
Utility		100.0	-	24.4	95.2	(19.4)	(4)
Miscellaneous		100.0	23.4	14.4	18.6	43.6	(14)
SUMMER SEASON:							
Lift Department		100.0	-	85.5	45.7	(31.2)	(10)
Food Service		100.0	44.8	42.7	14.1	(1.5)	(9)
Retail		100.0	46.7	44.6	16.8	(8.2)	(6)
Sports		100.0	-	54.5	42.6	2.9	(8)
Accommodations		100.0	-	36.8	34.4	28.7	(6)
Slide		100.0	-	32.8	23.1	44.1	(3)

[a] Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN EAST & ONTARIO SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON							
Ski Lift Department	$ 7.491	100.0%	- %	16.8%	16.7%	66.5%	(16)
Ski School	1.249	100.0	-	34.3	4.9	60.8	(13)
Food Service	1.898	100.0	42.7	30.8	12.3	14.3	(13)
Bar	.923	100.0	31.5	20.0	6.1	42.4	(9)
Retail	1.499	100.0	64.6	12.0	3.3	20.1	(8)
Rental	1.488	100.0	14.3[a]	15.9	10.7	59.1	(12)
Accommodations	-	100.0	-	22.6	25.9	51.5	(3)
Other	.321	100.0	33.5	15.6	12.0	38.9	(13)
	$14.869						
YEAR ROUND:							
Real Estate		100.0	71.1	3.0	4.8	21.1	(3)
Utility		100.0	-	263.6	427.3	(590.9)	(1)
Miscellaneous		100.0	-	-	0.2	99.8	(6)
SUMMER SEASON:							
Lift Department		100.0	-	169.5	4.7	(74.2)	(2)
Food Service		100.0	32.5	40.6	18.5	8.4	(5)
Retail		100.0	55.5	18.1	1.2	25.3	(1)
Sports		100.0	-	58.3	116.7	(75.0)	(2)
Accommodations		100.0	-	32.6	22.1	45.3	(2)
Slide		100.0	-	12.2	18.6	69.2	(2)

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[a] Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN
MIDWEST SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$ 6.046	100.0%	- %	20.4%	14.5%	65.1%	(20)
Ski School	.621	100.0	-	42.6	5.8	51.6	(16)
Food Service	2.000	100.0	40.9	27.9	10.0	21.2	(19)
Bar	.933	100.0	26.7	25.5	12.8	35.1	(15)
Retail	1.154	100.0	72.1	11.8	3.6	12.5	(14)
Rental	1.609	100.0	17.7[a]	13.9	4.0	64.4	(19)
Accommodations	-	100.0	-	30.4	23.2	46.4	(6)
Other	.300	100.0	2.7	31.6	4.6	61.1	(17)
	$12.663						
YEAR ROUND:							
Real Estate		100.0	14.8	3.5	25.9	55.8	(4)
Utility		100.0	-	300.0	-	(200.0)	(1)
Miscellaneous		100.0	3.8	2.5	11.5	82.1	(4)
SUMMER SEASON:							
Lift Department		100.0	-	-	-	-	(-)
Food Service		100.0	37.4	41.4	11.4	9.7	(5)
Retail		100.0	56.8	16.2	-	27.0	(3)
Sports		100.0	-	39.2	12.2	48.6	(4)
Accommodations		100.0	-	27.2	8.0	64.8	(3)
Slide		100.0	2.6	44.7	5.3	47.4	(1)

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[a] Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN
CENTRAL ROCKIES SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$ 9.527	100.0%	- %	22.0%	11.5%	66.5%	(25)
Ski School	1.748	100.0	-	67.2	6.3	26.6	(19)
Food Service	1.732	100.0	37.3	29.3	16.0	17.4	(14)
Bar	.540	100.0	33.1	16.3	7.0	43.6	(9)
Retail	.842	100.0	57.9	11.3	4.7	26.2	(12)
Rental	.869	100.0	12.1[a]	22.2	6.2	59.5	(15)
Accommodations	-	100.0	-	23.4	39.3	37.3	(5)
Other	.107	100.0	0.9	40.8	12.6	45.8	(17)
	$15.365						
YEAR ROUND:							
Real Estate		100.0	57.9	4.4	5.9	31.8	(4)
Utility		100.0	-	-	-	100.0	(2)
Miscellaneous		100.0	0.2	5.7	3.4	90.6	(14)
SUMMER SEASON:							
Lift Department		100.0	-	97.6	112.5	(110.1)	(7)
Food Service		100.0	40.5	44.2	34.1	(18.8)	(7)
Retail		100.0	70.9	24.4	18.1	(13.4)	(2)
Sports		100.0	-	112.2	53.1	(65.3)	(1)
Accommodations		100.0	-	40.5	30.8	28.7	(2)
Slide		100.0	-	33.1	4.6	62.3	(1)

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[a] Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN
NORTHERN ROCKIES SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$ 7.517	100.0%	- %	20.7%	10.8%	68.5%	(16)
Ski School	.660	100.0	-	62.1	10.9	27.0	(10)
Food Service	2.122	100.0	42.2	26.3	7.2	24.3	(7)
Bar	1.204	100.0	37.0	21.8	6.9	34.4	(6)
Retail	.991	100.0	50.0	7.7	5.7	36.7	(4)
Rental	1.112	100.0	14.9[a]	18.3	7.3	59.5	(7)
Accommodations	-	100.0	-	30.1	14.8	55.1	(5)
Other	.246	100.0	-	3.7	1.1	95.2	(10)
	$13.852						
YEAR ROUND:							
Real Estate		100.0	38.2	1.7	2.0	58.1	(2)
Utility		100.0	-	19.5	82.7	(2.3)	(1)
Miscellaneous		100.0	-	-	1.1	98.9	(5)
SUMMER SEASON:							
Lift Department		100.0	-	53.6	46.6	(0.2)	(5)
Food Service		100.0	39.0	28.7	12.8	19.5	(3)
Retail		100.0	54.9	10.8	3.9	30.4	(2)
Sports		100.0	-	33.3	66.7	0.0	(1)
Accommodations		100.0	-	76.9	55.4	(32.3)	(4)
Slide		100.0	-	-	-	-	-

[a] Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN CALIFORNIA/NEVADA SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$ 9.128	100.0%	- %	16.4%	10.0%	73.6%	(12)
Ski School	.976	100.0	-	52.8	5.5	41.6	(7)
Food Service	1.801	100.0	45.8	26.4	6.7	21.1	(6)
Bar	.657	100.0	24.3	20.0	6.4	49.3	(4)
Retail	1.540	100.0	56.8	8.5	2.9	31.7	(5)
Rental	.927	100.0	15.2[a]	24.8	4.3	55.7	(8)
Accommodations	-	100.0	-	53.2	53.2	(6.4)	(3)
Other	.260	100.0	10.5	29.9	1.8	57.8	(11)
	$15.289						
YEAR ROUND:							
Real Estate		100.0	10.5	-	0.6	89.0	(1)
Utility		100.0	-	27.1	71.9	0.9	(2)
Miscellaneous		100.0	3.3	3.6	0.7	92.4	(7)
SUMMER SEASON:							
Lift Department		100.0	-	102.1	152.9	(155.0)	(3)
Food Service		100.0	48.0	96.0	2.0	(46.0)	(2)
Retail		100.0	63.3	41.8	-	(5.1)	(2)
Sports		100.0	-	-	-	-	(-)
Accommodations		100.0	-	-	-	-	(-)
Slide		100.0	-	-	-	-	(-)

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[a] Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA - DEPARTMENTAL MARGIN PACIFIC NORTHWEST SKI AREAS, 1978-79

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$ 6.906	100.0%	- %	21.7%	9.9%	68.4%	(14)
Ski School	.579	100.0	-	62.1	22.7	15.2	(11)
Food Service	1.607	100.0	40.3	36.8	12.2	10.7	(13)
Bar	1.004	100.0	26.6	20.0	12.2	41.2	(11)
Retail	1.091	100.0	61.5	14.8	3.9	19.8	(9)
Rental	.758	100.0	12.4[a]	25.8	4.4	57.4	(9)
Accommodations	-	100.0	-	31.2	17.8	51.1	(3)
Other	.174	100.0	4.0	89.3	23.5	(16.8)	(12)
	$12.119						
YEAR ROUND:							
Real Estate		100.0	-	-	-	100.0	(1)
Utility		100.0	-	-	-	100.0	(1)
Miscellaneous		100.0	3.5	2.6	5.3	88.6	(7)
SUMMER SEASON:							
Lift Department		100.0	-	56.8	15.5	27.7	(2)
Food Service		100.0	38.8	30.6	14.7	15.9	(2)
Retail		100.0	49.3	12.1	1.0	37.5	(2)
Sports		100.0	-	-	-	-	(-)
Accommodations		100.0	-	30.2	9.8	60.1	(3)
Slide		100.0	-	-	-	-	(-)

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[a] Represents retirement and replacement of rental equipment.

VIII

CHARACTERISTICS BY SIZE; DAY, WEEKEND, VACATION AND WEEKEND ONLY SKI AREAS; AND LENGTH OF SKI SEASON

Several additional computer runs provide the same data by other distinct categories. This chapter presents this data with a brief discussion of relevant findings. Because of the large number of tables, they follow the text.

Characteristics by Size

Tables 59 through 65 contain all the various statistics by ski area size. Categories divide ski areas by total VTF/hour into five increments. The category "under 1,000" contains the smallest areas while "over 5,500" has the giants. In general, profitability increases as ski areas get larger.

Characteristics by Day, Weekend, Vacation and Weekend Only Areas

Tables 66 through 72 contain the statistics by ski area type. This category refers to areas designed to serve functional markets. Areas may be defined as day use oriented where skiers commute from home for the day; weekend use oriented where skiers typically spend one or two overnights at the area, typically on weekend outings; and vacation use oriented where average stays are seven days. Profitability is best at vacation oriented ski areas where utilization is also generally higher.

Characteristics by Length of Ski Season

Ski areas are characteristically high fixed cost operations with heavy investment in fixed assets and a relatively short operating season. Thus the length of the ski season is a critical variable to profitability. Again, the key measure, operating profit on GFA, increased almost directly with the length of the season.

TABLE 59

AVERAGE SKI AREA CHARACTERISTICS - BY SIZE (VTF/HOUR)

	Under 1,000	1,000-2,499	2,500-3,999	4,000-5,499	5,500+
SIZE					
VTF/Hour (000)	787	1,663	3,340	4,614	10,420
Gross Fixed Assets (000)	$ 741	$1,502	$2,398	$3,339	$7,645
Skiable Acres	41	120	202	580	854
LOCATION					
Within 50 Miles of SMSA	50%	42%	34%	30%	9%
With 6+ Areas in 1 Hour	0%	26%	31%	25%	33%
New England	0%	18%	24%	10%	18%
East	25%	15%	17%	10%	6%
Midwest	50%	26%	17%	10%	0%
Central Rockies	0%	23%	10%	20%	30%
Northern Rockies	0%	9%	14%	15%	18%
California & Nevada	0%	6%	7%	15%	15%
Pacific Northwest	25%	3%	11%	20%	12%
SITE CHARACTERISTICS					
Number of Beds at Base	12	159	88	165	2,388
Number of Beds (10 Miles)	416	1,260	530	2,965	4,457
With Snowmaking	75%	65%	62%	55%	45%
With Night Skiing	75%	53%	38%	35%	9%
Terrain: Beginner	34%	28%	23%	21%	22%
Intermediate	49%	51%	53%	52%	47%
Expert	17%	21%	24%	27%	31%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	25%	29%	45%	75%	70%
Engaged in Land Development	12%	32%	17%	40%	48%
Annual Growth in S-V (5 years)	16%	9%	8%	9%	8%
OPERATIONAL CHARACTERISTICS					
Average Days/Nights of Operation	112	122	129	143	139
Average Peak Day Crowd	1,138	1,628	2,714	3,901	7,005
Average Skier Visits (000)	36	61	106	186	402
Average Age of Ski Areas	18 years	17 years	23 years	22 years	22 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	$ 7.81	$ 8.89	$ 8.68	$ 9.34	$10.64
Average Lift Ticket Revenue/S-V	$ 5.17	$ 6.74	$ 6.81	$ 7.95	$ 9.35
Average Adult Lift Ticket Price					
Weekend	$ 8.53	$ 9.85	$10.76	$11.22	$12.45
Weekday	$ 6.75	$ 8.51	$ 8.68	$10.07	$11.85
Average Night Ticket Price	$ 4.75	$ 5.72	$ 6.42	$ 7.09	$ 6.19
Average Adult Season Ticket Price	$ 131	$ 162	$ 203	$ 240	$ 293
Average Utilization	43%	41%	36%	44%	47%
Average Profit (Loss) Before Tax	$ 43	$ 4	$ 88	$ 339	$1,122
Ratio: Revenue/GFA	38%	39%	45%	55%	60%
Base	(8)	(34)	(29)	(20)	(33)

TABLE 60

ECONOMIC RATIOS - BY SIZE (VTF/HOUR)

	Under 1,000	1,000-2,499	2,500-3,999	4,000-5,499	Over 5,500
VTF/Hour (000)	787	1,663	3,340	4,614	10,420
VTF/Hour - Demand/Skier Visit	1,152	1,411	1,481	1,569	1,710
Skier Capacity	683	1,179	2,255	2,941	6,092
Days/Nights of Operation	112	122	129	143	139
Season Capacity (000)	83	148	293	422	864
Actual Skier Visits (000)	36	61	106	186	402
Profit (Loss) Before Tax (000)	$ 43	$ 4	$ 88	$ 339	$1,122
Plus: Depreciation (000)	$ 40	$ 91	$ 169	$ 203	$ 465
Before Tax Cash Flow (000)	$ 83	$ 95	$ 257	$ 542	$1,587
Operating Profit (Loss) (000)	$ 61	$ 64	$ 156	$ 419	$1,390
Cash Operating Costs (000)	$ 181	$ 433	$ 748	$1,203	$2,766
Gross Fixed Assets (000)	$ 741	$1,502	$2,398	$3,339	$7,645
Secured Debt (000)	$ 190	$ 638	$ 886	$ 843	$2,939
Equity (000)	$ 190	$ 413	$ 708	$1,419	$3,584
Critical Ratios					
Health (Debt to Cash Flow)	2.3X	6.7X	3.4X	1.6X	1.9X
Profitability:					
Operating Profit on GFA	8.2%	4.3%	6.5%	12.5%	18.2%
Profit (BT) on Equity	22.6%	1.0%	12.4%	23.9%	31.3%
Performance:					
Average Utilization	43.1%	41.2%	36.2%	44.3%	46.6%
Days/Nights of Operation	112	122	129	143	139
Policy & Planning:					
Capital/Capacity Ratio	$1,085	$1,274	$1,063	$1,135	$1,255
Operating/Capacity Ratio	$ 2.18	$ 2.93	$ 2.55	$ 2.85	$ 3.20
Revenue/Skier Visit:					
Ski Lift Gross	$ 5.17	$ 6.74	$ 6.81	$ 7.95	$ 9.35
Ski School Margin	$ .50	$ .35	$ .33	$ .27	$ .30
Food Service Margin	$ .35	$ .29	$ .30	$ .30	$ .33
Bar Margin	$ .07	$ .14	$ .30	$ .23	$ .14
Ski Shop Margin	$ .18	$ .14	$ .17	$ .14	$ .19
Ski Rental Margin	$ 1.32	$ 1.02	$ .65	$ .44	$ .24
Other Margin	$ .22	$ .21	$ .12	$ .01	$ .09
Total - Revenue/Skier Visit	$ 7.81	$ 8.89	$ 8.68	$ 9.34	$10.64
Base	(8)	(34)	(29)	(20)	(33)

TABLE 61

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY SIZE (VTF/HOUR)

	Under 1,000 (000)	1,000- 2,499 (000)	2,500- 3,999 (000)	4,000- 5,499 (000)	Over 5,500 (000)
Gross Fixed Assets	$ 741	$1,502	$2,398	$3,339	$7,645
Revenue:					
Ski Lift Gross - Winter	$ 186	$ 410	$ 723	$1,487	$3,761
Ski Lift Gross - Summer	0	1	8	16	40
Supporting Margin - Winter	94	154	228	279	573
Supporting Margin - Summer	0	16	22	5	21
Year Round Margin	2	7	92	38	226
TOTAL REVENUE	$ 282	$ 588	$1,073	$1,825	$4,621
Less:					
Ski Lift Direct Expense	$ 67	$ 157	$ 269	$ 492	$1,158
Payroll Taxes	7	18	46	78	103
Property Operation	11	28	67	60	141
OPERATIONS MARGIN	$ 197	$ 385	$ 691	$1,195	$3,219
Less:					
General & Administrative	$ 33	$ 85	$ 143	$ 226	$ 538
Marketing (advertising, public relations, promotion, etc.)	11	32	43	68	222
Insurance (property, liability)	20	44	70	102	181
Land Use Fees (Public)	1	4	13	38	107
Land Use Fees (private)	4	2	14	11	31
Property Taxes	2	11	18	24	74
Other Taxes (not income)	2	10	7	14	37
Snowmaking	18	24	33	31	48
Snow Removal	2	1	3	6	16
Miscellaneous	3	17	22	53	110
Depreciation & Amortization	40	91	169	203	465
OPERATING PROFIT (LOSS)	$ 61	$ 64	$ 156	$ 419	$1,390
Less: Interest	18	60	68	80	268
PROFIT (LOSS) BEFORE TAX	$ 43	$ 4	$ 88	$ 339	$1,122
Base	(8)	(34)	(29)	(20)	(33)

TABLE 62

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY SIZE (VTF/HOUR)

	Percent of Gross Fixed Assets				
	Under 1,000	1,000-2,499	2,500-3,999	4,000-5,499	Over 5,500
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	25.1%	27.3%	30.2%	44.5%	49.2%
Ski Lift Gross - Summer	0.0	0.1	0.3	0.5	0.5
Supporting Margin - Winter	12.7	10.3	9.5	8.4	7.5
Supporting Margin - Summer	0.0	1.1	0.9	0.1	0.3
Year Round Margin	0.3	0.5	3.8	1.1	3.0
TOTAL REVENUE	38.1%	39.1%	44.7%	54.7%	60.4%
Less:					
Ski Lift Direct Expense	9.0%	10.5%	11.2%	14.7%	15.1%
Payroll Taxes	0.9	1.2	1.9	2.3	1.3
Property Operation	1.5	1.9	2.8	1.8	1.8
OPERATIONS MARGIN	26.6%	25.6%	28.8%	35.8%	42.1%
Less:					
General & Administrative	4.5%	5.7%	6.0%	6.8%	7.0%
Marketing (advertising, public relations, promotion, etc.)	1.5	2.1	1.8	2.0	2.9
Insurance (property, liability)	2.7	2.9	2.9	3.1	2.4
Land Use Fees (public)	0.1	0.3	0.5	1.1	1.4
Land Use Fees (private)	0.5	0.1	0.6	0.3	0.4
Property Taxes	0.3	0.7	0.8	0.7	1.0
Other Taxes (not income)	0.3	0.7	0.3	0.4	0.5
Snowmaking	2.4	1.6	1.4	0.9	0.6
Snow Removal	0.3	0.1	0.1	0.2	0.2
Miscellaneous	0.4	1.1	0.9	1.6	1.4
Depreciation & Amortization	5.4	6.1	7.0	6.1	6.1
OPERATING PROFIT (LOSS)	8.2%	4.3%	6.5%	12.5%	18.2%
Less: Interest	2.4	4.0	2.8	2.4	3.5
PROFIT (LOSS) BEFORE TAX	5.8%	0.3%	3.7%	10.2%	14.7%
Base	(8)	(34)	(29)	(20)	(33)

TABLE 63

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY SIZE (VTF/HOUR)

	Percent of Revenue				
	Under 1,000	1,000-2,499	2,500-3,999	4,000-5,499	Over 5,500
Revenue:					
Ski Lift Gross - Winter	66.0%	69.7%	67.4%	81.5%	81.4%
Ski Lift Gross - Summer	0.0	0.2	0.7	0.9	0.9
Supporting Margin - Winter	33.3	26.2	21.2	15.3	12.4
Supporting Margin - Summer	0.0	2.7	2.1	0.3	0.5
Year Round Margin	0.7	1.2	8.6	2.1	4.9
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	23.8%	26.7%	25.1%	27.0%	25.1%
Payroll Taxes	2.5	3.1	4.3	4.3	2.2
Property Operation	3.9	4.8	6.2	3.3	3.1
OPERATIONS MARGIN	69.9%	65.5%	64.4%	65.5%	69.7%
Less:					
General & Administrative	11.7%	14.5%	13.3%	12.4%	11.6%
Marketing (advertising, public relations, promotion, etc.)	3.9	5.4	4.0	3.7	4.8
Insurance (property, liability)	7.1	7.5	6.5	5.6	3.9
Land Use Fees (public)	0.4	0.7	1.2	2.1	2.3
Land Use Fees (private)	1.4	0.3	1.3	0.6	0.7
Property Taxes	0.7	1.9	1.7	1.3	1.6
Other Taxes (not income)	0.7	1.7	0.7	0.8	0.8
Snowmaking	6.4	4.1	3.1	1.7	1.0
Snow Removal	0.7	0.2	0.3	0.3	0.3
Miscellaneous	1.1	2.9	2.1	2.9	2.4
Depreciation & Amortization	14.2	15.5	15.8	11.1	10.1
OPERATING PROFIT (LOSS)	21.6%	10.9%	14.5%	23.0%	30.1%
Less: Interest	6.4	10.2	6.3	4.4	5.8
PROFIT (LOSS) BEFORE TAX	15.2%	0.7%	8.2%	18.6%	24.3%
Base	(8)	(34)	(29)	(20)	(33)

TABLE 64

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY SIZE (VTF/HOUR)

	Under 1,000	1,000-2,499	2,500-3,999	4,000-5,499	Over 5,500
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	11.3%	8.6%	7.6%	7.1%	6.6%
Ski Patrol Payroll	1.4	2.3	3.0	3.0	3.4
Slope Maintenance Payroll	2.8	2.6	2.7	2.1	2.3
Maintenance & Repair Payroll	2.3	4.1	5.2	3.9	3.7
Ticket Sales Payroll	1.4	2.0	1.6	1.5	1.0
Other Payroll	0.7	1.7	1.3	2.9	1.4
TOTAL PAYROLL	20.0%	21.2%	21.4%	20.5%	18.4%
OTHER DIRECT	15.7	16.9	14.8	11.9	10.6
GROSS MARGIN	64.3	61.8	63.7	67.7	71.0
Base	(8)	(34)	(29)	(20)	(33)

TABLE 65

AVERAGE SKI AREA FINANCIAL DATA - BALANCE SHEETS BY SIZE (VTF/HOUR)

	Under 1,000 (000)	1,000-2,499 (000)	2,500-3,999 (000)	4,000-5,499 (000)	Over 5,500 (000)
Assets					
Current Assets	$ 40	$ 244	$ 294	$ 543	$1,424
Gross Fixed Assets	778	1,377	2,341	3,409	7,740
Less: Depreciation	(311)	(499)	(859)	(1,331)	(3,006)
Other Assets	9	135	297	129	1,900
TOTAL ASSETS	$ 516	$1,257	$2,073	$2,750	$8,058
Liabilities & Net Worth					
Current Liabilities	$ 112	$ 167	$ 354	$ 294	$1,116
Long-Term Debt	168	571	744	707	2,323
Subordinated Debt	22	67	142	136	616
Deferred Taxes	6	38	6	86	322
Other Liabilities	18	1	119	108	97
Net Worth					
Invested	251	244	582	459	1,527
Retained Earnings	(61)	169	126	960	2,057
TOTAL LIABILITIES & NET WORTH	$ 516	$1,257	$2,073	$2,750	$8,058
Base	(7)	(31)	(28)	(19)	(32)

TABLE 66

AVERAGE SKI AREA CHARACTERISTICS - BY TYPE OF SKI AREA

	Day	Weekend	Vacation	Weekend Only
SIZE				
VTF/Hour (000)	3,205	4,715	8,187	1,054
Gross Fixed Assets (000)	$2,208	$3,892	$6,209	$ 308
Skiable Acres	257	393	718	39
LOCATION				
Within 50 Miles of SMSA	46%	15%	12%	33%
With 6+ Areas in 1 Hour	25%	33%	24%	67%
New England	13%	19%	18%	67%
East	18%	15%	3%	0%
Midwest	18%	19%	12%	0%
Central Rockies	15%	15%	37%	0%
Northern Rockies	11%	7%	21%	0%
California & Nevada	10%	18%	3%	0%
Pacific Northwest	15%	7%	6%	33%
SITE CHARACTERISTICS				
Number of Beds at Base	48	1,030	1,799	0
Number of Beds (10 Miles)	755	3,039	4,199	410
With Snowmaking	59%	59%	61%	0%
With Night Skiing	54%	22%	15%	33%
Terrain: Beginner	24%	26%	22%	37%
Intermediate	52%	49%	50%	46%
Expert	24%	25%	28%	17%
BUSINESS CHARACTERISTICS				
Operating With USFS Permit	46%	48%	64%	33%
Engaged in Land Development	15%	41%	61%	33%
Annual Growth in S-V (5 years)	8%	5%	9%	7%
OPERATIONAL CHARACTERISTICS				
Average Days/Nights of Operation	134	131	133	43
Average Peak Day Crowd	2,839	3,544	5,496	714
Average Skier Visits (000)	119	179	313	13
Average Age of Ski Areas	21 years	21 years	22 years	33 years
ECONOMIC CHARACTERISTICS				
Average Revenue/Skier Visit	$ 8.60	$10.69	$10.60	$ 5.70
Average Lift Ticket Revenue/S-V	$ 6.93	$ 9.02	$ 9.32	$ 4.71
Average Adult Lift Ticket Price				
Weekend	$ 9.95	$11.25	$12.50	$ 9.08
Weekday	$ 8.50	$ 9.52	$11.59	$ -
Average Night Ticket Price	$ 6.35	$ 5.57	$ 5.61	$ 3.24
Average Adult Season Ticket Price	$ 183	$ 236	$ 277	$ 165
Average Utilization	41%	38%	50%	47%
Average Profit (Loss) Before Tax	$ 156	$ 372	$ 828	$ (24)
Ratio: Revenue/GFA	47%	55%	59%	25%
Base	(61)	(27)	(33)	(3)

TABLE 67

ECONOMIC RATIOS - BY TYPE OF SKI AREA

	Day	Weekend	Vacation	Weekend Only	Your Ski Area
VTF/Hour (000)	3,205	4,715	8,187	1,054	____
VTF/Hour - Demand/Skier Visit	1,526	1,480	1,747	1,500	____
Skier Capacity	2,100	3,185	4,685	702	____
Days/Nights of Operation	134	131	133	43	____
Season Capacity (000)	293	464	625	29	____
Actual Skier Visits (000)	119	179	313	13	____
Profit (Loss) Before Tax (000)	$ 156	$ 372	$ 828	$ (24)	$____
Plus: Depreciation (000)	$ 134	$ 267	$ 373	$ 10	$____
Before Tax Cash Flow (000)	$ 290	$ 639	$1,201	$ (14)	$____
Operating Profit (Loss) (000)	$ 210	$ 523	$1,046	$ (5)	$____
Cash Operating Costs (000)	$ 703	$1,330	$2,245	$ 71	$____
Gross Fixed Assets (000)	$2,208	$3,892	$6,209	$ 308	$____
Secured Debt (000)	$ 587	$1,656	$2,495	$ 145	$____
Equity (000)	$ 774	$1,648	$2,790	$ (34)	$____
Critical Ratios					
Health (Debt to Cash Flow)	2.0X	2.6X	2.1X	Infinity	____X
Profitability:					
Operating Profit on GFA	9.5%	13.4%	16.8%	Loss	____%
Profit (BT) on Equity	20.2%	22.6%	29.7%	Loss	____%
Performance:					
Average Utilization	40.6%	38.4%	50.0%	46.9%	____%
Days/Nights of Operation	134	131	133	43	____
Policy & Planning:					
Capital/Capacity Ratio	$1,051	$1,222	$1,325	$ 439	$____
Operating/Capacity Ratio	$ 2.40	$ 2.87	$ 3.59	$ 2.45	$____
Revenue/Skier Visit:					
Ski Lift Gross	$ 6.93	$ 9.02	$ 9.32	$ 4.71	$____
Ski School Margin	$ .34	$ .23	$ .32	$ .05	$____
Food Service Margin	$ .27	$ .35	$ .34	$ .02	$____
Bar Margin	$ .21	$ .16	$ .16	$ -	$____
Ski Shop Margin	$ .15	$ .29	$ .15	$ .25	$____
Ski Rental Margin	$ .60	$ .50	$ .24	$ .50	$____
Other Margin	$ .10	$ .14	$ .07	$ .17	$____
Total - Revenue/Skier Visit	$ 8.60	$10.69	$10.60	$ 5.70	$____
Base	(61)	(27)	(33)	(3)	

TABLE 68

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)	Weekend Only (000)	Your Ski Area
Gross Fixed Assets	$2,208	$3,892	$6,209	$ 308	$______
Revenue:					
Ski Lift Gross - Winter	$ 825	$1,610	$2,915	$ 63	$______
Ski Lift Gross - Summer	6	8	40	-	______
Supporting Margin - Winter	201	327	484	13	______
Supporting Margin - Summer	7	28	22	-	______
Year Round Margin	8	147	203	-	______
TOTAL REVENUE	$1,047	$2,120	$3,664	$ 76	$______
Less:					
Ski Lift Direct Expense	$ 272	$ 495	$ 960	$ 36	$______
Payroll Taxes	35	87	75	-	______
Property Operation	54	74	104	2	______
OPERATIONS MARGIN	$ 686	$1,464	$2,525	$ 38	$______
Less:					
General & Administrative	$ 135	$ 305	$ 395	$ 16	$______
Marketing (advertising, public relations, promotion, etc.)	38	81	199	2	______
Insurance (property, liability)	67	102	147	9	______
Land Use Fees (public)	17	46	76	-	______
Land Use Fees (private)	8	7	33	-	______
Property Taxes	15	40	55	2	______
Other Taxes (not income)	8	9	41	1	______
Snowmaking	27	29	51	-	______
Snow Removal	4	7	11	1	______
Miscellaneous	23	48	98	2	______
Depreciation & Amortization	134	267	373	10	______
OPERATING PROFIT (LOSS)	$ 210	$ 523	$1,046	$ (5)	$______
Less: Interest	54	151	218	19	______
PROFIT (LOSS) BEFORE TAX	$ 156	$ 372	$ 828	$ (24)	$______
Base	(61)	(27)	(33)	(3)	

TABLE 69

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY TYPE OF SKI AREA

	Percent of Gross Fixed Assets				
	Day	Weekend	Vacation	Weekend Only	Your Ski Area
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	37.4%	41.4%	46.9%	20.5%	____%
Ski Lift Gross - Summer	0.3	0.2	0.6	-	____
Supporting Margin - Winter	9.1	8.4	7.8	4.2	____
Supporting Margin - Summer	0.3	0.7	0.4	-	____
Year Round Margin	0.4	3.8	3.3	-	____
TOTAL REVENUE	47.4%	54.5%	59.0%	24.7%	____%
Less:					
Ski Lift Direct Expense	12.3%	12.7%	15.5%	11.7%	____%
Payroll Taxes	1.6	2.2	1.2	-	____
Property Operation	2.4	1.9	1.7	0.6	____
OPERATIONS MARGIN	31.1%	37.6%	40.7%	12.3%	____%
Less:					
General & Administrative	6.1%	7.8%	6.4%	5.2%	____%
Marketing (advertising, public relations, promotion, etc.)	1.7	2.1	3.2	0.6	____
Insurance (property, liability)	3.0	2.6	2.4	2.9	____
Land Use Fees (public)	0.8	1.2	1.2	-	____
Land Use Fees (private)	0.4	0.2	0.5	-	____
Property Taxes	0.7	1.0	0.9	0.6	____
Other Taxes (not income)	0.4	0.2	0.7	0.3	____
Snowmaking	1.2	0.7	0.8	-	____
Snow Removal	0.2	0.2	0.2	0.3	____
Miscellaneous	1.0	1.2	1.6	0.6	____
Depreciation & Amortization	6.1	6.9	6.0	3.2	____
OPERATING PROFIT (LOSS)	9.5%	13.4%	16.8%	(1.6%)	____%
Less: Interest	2.4	3.9	3.5	6.2	____
PROFIT (LOSS) BEFORE TAX	7.1%	9.6%	13.3%	(7.8%)	____%
Base	(61)	(27)	(33)	(3)	

TABLE 70

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT
BY TYPE OF SKI AREA

	Percent of Revenue				
	Day	Weekend	Vacation	Weekend Only	Your Ski Area
Revenue:					
Ski Lift Gross - Winter	78.8%	75.9%	79.6%	82.9%	______%
Ski Lift Gross - Summer	0.6	0.4	1.1	-	______
Supporting Margin - Winter	19.2	15.4	13.2	17.1	______
Supporting Margin - Summer	0.7	1.3	0.6	-	______
Year Round Margin	0.8	6.9	5.5	-	______
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	26.0%	23.3%	26.2%	47.4%	______%
Payroll Taxes	3.3	4.1	2.0	-	______
Property Operation	5.2	3.5	2.8	2.6	______
OPERATIONS MARGIN	65.5%	69.1%	68.9%	50.0%	______%
Less:					
General & Administrative	12.9%	14.4%	10.8%	21.1%	______%
Marketing (advertising, public relations, promotion, etc.)	3.6	3.8	5.4	2.6	______
Insurance (property, liability)	6.4	4.8	4.0	11.8	______
Land Use Fees (public)	1.6	2.2	2.1	-	______
Land Use Fees (private)	0.8	0.3	0.9	-	______
Property Taxes	1.4	1.9	1.5	2.6	______
Other Taxes (not income)	0.8	0.4	1.1	1.3	______
Snowmaking	2.6	1.4	1.4	-	______
Snow Removal	0.4	0.3	0.3	1.3	______
Miscellaneous	2.2	2.3	2.7	2.6	______
Depreciation & Amortization	12.8	12.6	10.2	13.2	______
OPERATING PROFIT (LOSS)	20.1%	24.7%	28.5%	(6.6%)	______%
Less: Interest	5.2	7.1	5.9	25.0	______
PROFIT (LOSS) BEFORE TAX	14.9%	17.5%	22.6%	(31.6%)	______%
Base	(61)	(27)	(33)	(3)	

TABLE 71

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY TYPE OF SKI AREA

	Day	Weekend	Vacation	Weekend Only
SKI LIFT GROSS Revenue (Winter)	100.0%	100.0%	100.0%	100.0%
LESS:				
Ski Lift Payroll	7.6	6.2	7.0	15.5
Ski Patrol Payroll	2.5	3.0	3.6	1.0
Slope Maintenace Payroll	2.4	2.4	2.3	2.1
Maintenance & Repair Payroll	4.4	3.2	4.0	3.1
Ticket Sales Payroll	1.4	1.0	1.2	2.1
Other Payroll	1.4	1.9	1.6	-
TOTAL PAYROLL	19.8%	17.7%	19.7%	23.7%
OTHER DIRECT	12.3%	12.9%	11.0%	33.2%
GROSS MARGIN	67.9%	69.4%	69.3%	43.2%
Base	(61)	(27)	(33)	(3)

TABLE 72

AVERAGE SKI AREA FINANCIAL DATA - BALANCE SHEETS BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)	Weekend Only (000)
Assets				
Current Assets	$ 356	$ 684	$1,067	$ 16
Gross Fixed Assets	2,150	4,072	6,209	308
Less: Depreciation	(896)	(1,411)	(2,354)	(182)
Other Assets	84	626	1,696	16
TOTAL ASSETS	$1,694	$3,971	$6,618	$ 158
Liabilities & Net Worth				
Current Liabilities	$ 206	$ 466	$1,034	$ 47
Long-Term Debt	518	1,333	1,989	92
Subordinated Debt	69	323	506	53
Deferred Taxes	30	190	213	0
Other Liabilities	97	11	86	0
Net Worth				
Invested	379	860	1,239	19
Retained Earnings	395	788	1,551	(53)
TOTAL LIABILITIES & NET WORTH	$1,694	$3,971	$6,618	$ 158
Base	(57)	(24)	(33)	(3)

TABLE 73

AVERAGE SKI AREA CHARACTERISTICS - BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SIZE						
VTF/Hour (000)	2,282	2,757	5,669	5,825	5,287	5,352
Gross Fixed Assets (000)	$1,235	$1,930	$4,400	$4,525	3,980	$3,984
Skiable Acres	190	96	377	447	527	596
LOCATION						
Within 50 Miles of SMSA	42%	26%	7%	21%	18%	33%
With 6+ Areas in 1 Hour	58%	32%	43%	21%	9%	25%
New England	58%	32%	43%	6%	0%	0%
East	17%	21%	21%	12%	0%	12%
Midwest	0%	21%	7%	15%	14%	29%
Central Rockies	8%	5%	7%	49%	23%	4%
Northern Rockies	8%	10%	7%	6%	27%	17%
California & Nevada	0%	0%	0%	9%	23%	17%
Pacific Northwest	8%	11%	14%	3%	14%	21%
SITE CHARACTERISTICS						
Number of Beds at Base	17	124	781	1,303	319	1,110
Number of Beds (10 Miles)	615	594	2,993	3,080	914	3,566
With Snowmaking	42%	63%	79%	64%	36%	62%
With Night Skiing	25%	37%	29%	21%	27%	75%
Terrain: Beginner	25%	22%	21%	27%	22%	26%
Intermediate	55%	58%	55%	45%	48%	49%
Expert	20%	20%	24%	28%	30%	25%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	25%	37%	29%	64%	73%	50%
Engaged in Land Development	33%	37%	43%	39%	32%	17%

TABLE 73 (Continued)

AVERAGE SKI AREA CHARACTERISTICS - BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	61	92	110	131	147	193
Average Peak Day Crowd	1,751	2,314	4,039	4,114	4,019	4,444
Average Skier Visits (000)	44	78	173	227	203	252
Average Age of Ski Areas	28 years	20 years	22 years	20 years	23 years	20 years
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	$ 9.95	$ 9.34	$10.61	$10.77	$ 9.42	$ 9.21
Average Lift Ticket Revenue/Skier Visit	$ 8.78	$ 7.52	$ 9.27	$ 9.32	$ 8.02	$ 7.65
Average Adult Lift Ticket Price						
Weekend	$10.77	$ 9.99	$11.84	$11.69	$10.90	$10.02
Weekday	$ 8.60	$ 7.93	$ 9.91	$10.82	$10.22	$ 8.92
Average Night Ticket Price	$ 4.08	$ 5.65	$ 5.80	$ 5.83	$ 5.97	$ 6.77
Average Adult Season Ticket Price	$ 193	$ 175	$ 222	$ 234	$ 245	$ 212
Average Utilization	45%	45%	43%	51%	43%	38%
Average Profit (Loss) Before Tax	$ (7)	$ 158	$ 259	$ 561	$ 408	$ 533
Ratio: Revenue/GFA	37%	49%	46%	59%	50%	61%
Base	(12)	(19)	(14)	(33)	(22)	(24)

TABLE 74
ECONOMIC RATIOS - BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
VTF/Hour (000)	2,282	2,757	5,669	5,825	5,287	5,352
VTF/Hour - Demand/Skier Visit	1,531	1,463	1,561	1,733	1,661	1,505
Skier Capacity	1,491	1,885	3,632	3,361	3,183	3,555
Days/Nights of Operation	61	92	110	131	147	193
Season Capacity (000)	98	175	404	443	467	670
Actual Skier Visits (000)	44	78	173	227	203	252
Profit (Loss) Before Tax (000)	$ (7)	$ 158	$ 259	$ 561	$ 408	$ 533
Plus: Depreciation (000)	$ 63	$ 150	$ 217	$ 284	$ 252	$ 256
Before Tax Cash Flow (000)	$ 56	$ 308	$ 476	$ 845	$ 660	$ 789
Operating Profit (Loss) (000)	$ 12	$ 214	$ 438	$ 711	$ 552	$ 646
Cash Operating Costs (000)	$ 376	$ 586	$1,352	$1,670	$1,200	$1,542
Gross Fixed Assets (000)	$1,235	$1,930	$4,400	$4,525	$3,980	$3,984
Secured Debt (000)	$ 217	$ 808	$1,882	$1,945	$1,559	$ 976
Equity (000)	$ 475	$ 809	$1,525	$2,095	$1,445	$1,760
Critical Ratios						
Health (Debt to Cash Flow)	3.9X	2.6X	4.0X	2.3X	2.4X	1.2X
Profitability:						
Operating Profit on GFA	1.0%	11.1%	10.0%	15.7%	13.9%	16.2%
Profit (Before Tax) on Equity	Loss	19.5%	17.0%	26.8%	28.2%	30.3%
Performance:						
Average Utilization	44.8%	44.7%	42.8%	51.3%	43.4%	37.6%
Days/Nights of Operation	61	92	110	131	147	193
Policy & Planning:						
Capital/Capacity Ratio	$ 828	$1,024	$1,211	$1,346	$1,250	$1,121
Operating/Capacity Ratio	$ 3.84	$ 3.35	$ 3.35	$ 3.77	$ 2.57	$ 2.30
Revenue/Skier Visit:						
Ski Lift Gross	$ 8.78	$ 7.52	$ 9.27	$ 9.32	$ 8.02	$ 7.65
Ski School Margin	$ .11	$ .21	$ .15	$ .42	$ .16	$ .37
Food Service Margin	$ .11	$ .36	$ .46	$ .35	$ .30	$ .24
Bar Margin	$ .12	$ .39	$ .23	$ .12	$ .21	$ .15
Ski Shop Margin	$ .16	$ .15	$ .20	$ .13	$ .24	$ .19
Ski Rental Margin	$ .58	$ .48	$ .23	$ .37	$ .44	$ .48
Other Margin	$ .09	$ .23	$ .07	$ .06	$ .05	$ .13
Total - Revenue/Skier Visit	$ 9.95	$ 9.34	$10.61	$10.77	$ 9.42	$ 9.21
Base	(12)	(19)	(14)	(33)	(22)	(24)

TABLE 75

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Gross Fixed Assets	$1,235	$1,930	$4,400	$4,525	$3,980	$3,984
Revenue:						
Ski Lift Gross - Winter	$ 385	$ 587	$1,604	$2,120	$1,624	$1,929
Ski Lift Gross - Summer	5	6	14	23	20	12
Supporting Margin - Winter	52	181	299	367	318	405
Supperting Margin - Summer	5	31	34	(2)	10	28
Year Round Margin	4	145	56	157	32	70
TOTAL REVENUE	$ 451	$ 950	$2,007	$2,665	$2,004	$2,444
Less:						
Ski Lift Direct Expense	$ 162	$ 202	$ 515	$ 703	$ 566	$ 545
Payroll Taxes	19	26	52	59	53	99
Property Operation	23	48	86	61	59	128
OPERATIONS MARGIN	$ 247	$ 674	$1,354	$1,842	$1,326	$1,672
Less:						
General & Administrative	$ 64	$ 126	$ 231	$ 315	$ 198	$ 351
Marketing (advertising, public relations, promotion, etc.)	19	46	141	134	81	76
Insurance (property, liability)	39	55	108	120	89	135
Land Use Fees (public)	3	5	29	60	52	48
Land Use Fees (private)	6	1	19	11	4	39
Property Taxes	7	19	40	34	32	42
Other Taxes (not income)	1	5	18	41	10	6
Snowmaking	14	26	33	52	11	43
Snow Removal	3	1	10	6	9	7
Miscellaneous	16	26	70	74	36	23
Depreciation & Amortization	63	150	217	284	252	256
OPERATING PROFIT (LOSS)	$ 12	$ 214	$ 438	$ 711	$ 552	$ 646
Less: Interest	19	56	179	150	144	113
PROFIT (LOSS) BEFORE TAX	$ (7)	$ 158	$ 259	$ 561	$ 408	$ 533
Base	(12)	(19)	(14)	(33)	(22)	(24)

TABLE 76

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY LENGTH OF SEASON

	Percent of Gross Fixed Assets					
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:						
Ski Lift Gross - Winter	31.2%	30.4%	36.5%	46.9%	40.8%	48.4%
Ski Lift Gross - Summer	0.4	0.3	0.3	0.5	0.5	0.3
Supporting Margin - Winter	4.2	9.4	6.8	8.1	8.0	10.2
Supporting Margin - Summer	0.4	1.6	0.8	0.0	0.3	0.7
Year Round Margin	0.3	7.5	1.3	3.5	0.8	1.8
TOTAL REVENUE	36.5%	49.2%	45.6%	58.9%	50.4%	61.3%
Less:						
Ski Lift Direct Expense	13.1%	10.5%	11.7%	15.5%	14.2%	13.7%
Payroll Taxes	1.5	1.3	1.2	1.3	1.3	2.5
Property Operation	1.9	2.5	2.0	1.3	1.5	3.2
OPERATIONS MARGIN	20.0%	34.9%	30.8%	40.7%	33.3%	42.0%
Less:						
General & Administrative	5.2%	6.5%	5.3%	7.0%	5.0%	8.8%
Marketing (advertising, public relations, promotion, etc.)	1.5	2.4	3.2	3.0	2.0	1.9
Insurance (property, liability)	3.2	2.8	2.5	2.7	2.2	3.4
Land Use Fees (public)	0.2	0.3	0.7	1.3	1.3	1.2
Land Use Fees (private)	0.5	0.1	0.4	0.2	0.1	1.0
Property Taxes	0.6	1.0	0.9	0.8	0.8	1.1
Other Taxes (not income)	0.1	0.3	0.4	0.9	0.3	0.2
Snowmaking	1.1	1.3	0.8	1.1	0.3	1.1
Snow Removal	0.2	0.1	0.2	0.1	0.2	0.2
Miscellaneous	1.3	1.3	1.6	1.6	0.9	0.6
Depreciation & Amortization	5.1	7.8	4.9	6.3	6.3	6.4
OPERATING PROFIT (LOSS)	1.0%	11.1%	10.0%	15.7%	13.9%	16.2%
Less: Interest	1.5	2.9	4.1	3.3	3.6	2.8
PROFIT (LOSS) BEFORE TAX	(0.6%)	8.2%	5.9%	12.4%	10.3%	13.4%
Base	(12)	(19)	(14)	(33)	(22)	(24)

TABLE 77

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT BY LENGTH OF SEASON

	Percent of Revenue					
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
Revenue:						
Ski Lift Gross - Winter	85.4%	61.8%	79.9%	79.5%	81.0%	78.9%
Ski Lift Gross - Summer	1.1	0.6	0.7	0.9	1.0	0.5
Supporting Margin - Winter	11.5	19.1	14.9	13.8	15.9	16.6
Supporting Margin - Summer	1.1	3.3	1.7	(0.1)	0.5	1.1
Year Round Margin	0.9	15.3	2.8	5.9	1.6	2.9
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:						
Ski Lift Direct	35.9%	21.3%	25.7%	26.4%	28.2%	22.3%
Payroll Taxes	4.2	2.7	2.6	2.2	2.6	4.1
Property Operation	5.1	5.1	4.3	2.3	2.9	5.2
OPERATIONS MARGIN	54.8%	70.9%	67.5%	69.1%	66.2%	68.4%
Less:						
General & Administrative	14.2%	13.3%	11.5%	11.8%	9.9%	14.4%
Marketing (advertising, public relations, promotion, etc.)	4.2	4.8	7.0	5.0	4.0	3.1
Insurance (property, liability)	8.6	5.8	5.4	4.5	4.4	5.5
Land Use Fees (public)	0.7	0.5	1.4	2.3	2.6	2.0
Land Use Fees (private)	1.3	0.1	0.9	0.4	0.2	1.6
Property Taxes	1.6	2.0	2.0	1.3	1.6	1.7
Other Taxes (not income)	0.2	0.5	0.9	1.5	0.5	0.2
Snowmaking	3.1	2.7	1.6	2.0	0.5	1.8
Snow Removal	0.7	0.1	0.5	0.2	0.4	0.3
Miscellaneous	3.5	2.7	3.5	2.8	1.8	0.9
Depreciation & Amortization	14.0	15.8	10.8	10.7	12.6	10.5
OPERATING PROFIT (LOSS)	2.7%	22.5%	21.8%	26.7%	27.5%	26.4%
Less: Interest	4.2	5.9	8.9	5.6	7.2	4.6
PROFIT (LOSS) BEFORE TAX	(1.6%)	16.6%	12.9%	21.1%	20.4%	21.8%
Base	(12)	(19)	(14)	(33)	(22)	(24)

TABLE 78

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SKI LIFT GROSS:						
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:						
Ski Lift Payroll	8.6%	6.2%	6.9%	6.8%	7.2%	7.0%
Ski Patrol Payroll	3.4	1.8	3.9	3.5	3.4	2.7
Slope Maintenance Payroll	3.2	1.7	1.5	2.8	2.6	1.9
Maintenance & Repair Payroll	4.5	4.9	4.0	3.8	4.3	3.4
Ticket Sales Payroll	1.6	1.3	1.1	1.3	1.4	0.9
Other Payroll	1.1	1.1	0.7	1.4	2.4	2.0
TOTAL PAYROLL	22.5%	17.0%	18.2%	19.7%	21.2%	17.9%
OTHER DIRECT	18.6%	17.2%	12.5%	11.5%	11.6%	10.0%
GROSS MARGIN	58.9%	65.8%	69.3%	68.8%	67.2%	72.1%
Base	(12)	(19)	(14)	(33)	(22)	(24)

TABLE 79

AVERAGE SKI AREA FINANCIAL DATA - BALANCE SHEETS BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Assets						
Current Assets	$ 326	$ 347	$ 383	$ 822	$ 734	$ 692
Gross Fixed Assets	984	2,011	4,812	4,523	4,074	3,984
Less: Depreciation	(473)	(739)	(1,830)	(1,723)	(1,377)	(1,682)
Other Assets	110	325	592	1,489	145	518
TOTAL ASSETS	$ 947	$1,944	$3,957	$5,111	$3,576	$3,512
Liabilities & Net Worth						
Current Liabilities	$ 157	$ 260	$ 486	$ 796	$ 489	$ 416
Long-Term Debt	167	723	1,287	1,587	1,300	861
Subordinated Debt	50	85	595	358	259	115
Deferred Taxes	92	46	56	182	47	175
Other Liabilities	6	21	8	93	36	185
Net Worth						
Invested	257	426	651	843	656	1,041
Retained Earnings	218	383	874	1,252	789	719
TOTAL LIABILITIES & NET WORTH	$ 947	$1,944	$3,957	$5,111	$3,576	$3,512
Base	(11)	(18)	(12)	(31)	(21)	(24)

IX

CHARACTERISTICS OF SKI AREAS WITH SNOWMAKING AND NIGHT SKIING OPERATIONS

For the third year, the study includes an additional chapter with an analysis of those respondents with snowmaking capability, and those that operate at night. This chapter presents this added data with a brief discussion of the major findings. The tables (Tables 80-89) follow the text.

Snowmaking ski areas averaged 12.4 percent operating profit on GFA, or below the ski industry average. Snowmaking ski areas in New England illustrated slightly better profitability than non-snowmaking areas. Ninety-four percent of the respondents in the East and Midwest have machine snowmaking. There are 22 snowmaking ski areas in the Rockies and the West, or 33 percent. These 33 percent earned a 17.3 percent operating profit on GFA, whereas the remaining 67 percent reported an average of 16.8 percent operating profits on GFA.

While snowmaking provides insurance against the major uncertainty in the ski area business, the question remains, "At what price?" These operations have been evaluated using the rule of thumb measure discussed in Chapter III.

	Total Revenue to GFA		Percent Utilization		Factor	Judgment
All Ski Areas	54%	÷	44%	=	1.23	Good
All Snowmaking	54	÷	46	=	1.17	Adequate
New England Snowmaking	45	÷	40	=	1.13	Adequate
East and Midwest Snowmaking	52	÷	38	=	1.37	Excellent
Rockies and West Snowmaking	61	÷	57	=	1.07	Adequate
All Night Operations	49	÷	39	=	1.26	Good

While in general these results are all favorable, the performance of the Rockies and West ski areas again are the lowest.

Night operations were again separated. Night skiing effectively doubles the potential earning power with only cursory additions to capital. The economic characteristics of ski areas with potential night skiing are excellent. Earning power increases in spite of a significant drop in revenue per skier visit. Ski areas with night operations averaged a 10.7 percent return on GFA with only a 39 percent utilization, while the overall average ski area made 13.8 percent return at a 43.9 percent utilization rate.

The 1978-79 survey contains data concerning snowmade coverage, hours of operation and operating costs. Tables 87 and 88 summarize this data. The average ski area with snowmaking capability covers 67 acres or 22.8 percent of the developed slopes and trails. The east and midwest regions cover 79.6 percent, and New England 36.4 percent, while only 8.8 percent of the Rockies and Western snowmade ski areas are machine covered.

Similarly the 45 ski areas with lights for night skiing cover an average of only 60 acres or 19.5 percent of the developed acreage.

Snowmaking Costs

In an effort to establish some standard measure of snowmaking efficiency the authors have summarized reported costs in costs per acre hour of snowmaking. An acre hour is the product of coverage (acres) and hours of system operations. Survey respondents were asked to supply acres of snowmaking coverage, hours of system operation, and operating costs broken into labor, power, maintenance, and other categories. Table 89 summarizes the results of this initial measure.

TABLE 80

AVERAGE SKI AREA CHARACTERISTICS
SKI AREAS WITH SNOWMAKING & NIGHT OPERATIONS

	With Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
SIZE					
VTF/Hour (000)	5,661	2,626	6,594	4,513	2,921
Gross Fixed Assets (000)	$4,780	$2,209	$5,369	3,746	$2,280
Skiable Acres	165	93	700	294	307
LOCATION					
Within 50 Miles of SMSA	19%	50%	32%	38%	58%
With 6+ Areas in 1 Hour	75%	21%	23%	33%	13%
New England	100%	0%	0%	22%	9%
East	0%	47%	0%	22%	22%
Midwest	0%	53%	0%	25%	33%
Central Rockies	0%	0%	64%	20%	2%
Northern Rockies	0%	0%	9%	3%	11%
California & Nevada	0%	0%	23%	7%	5%
Pacific Northwest	0%	0%	4%	1%	18%
SITE CHARACTERISTICS					
Number of Beds at Base	327	119	1,395	555	152
Number of Beds (10 Miles)	1,858	1,273	4,852	2,497	1,538
With Snowmaking	100%	100%	100%	100%	73%
With Night Skiing	25%	71%	23%	46%	100%
Terrain: Beginner	23%	28%	25%	28%	25%
Intermediate	56%	50%	50%	51%	52%
Expert	21%	22%	25%	21%	23%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	25%	6%	86%	35%	31%
Engaged in Land Development	50%	35%	27%	36%	24%
OPERATIONAL CHARACTERISTICS					
Avg. Days/Nights of Operation	97	137	149	132	146
Average Peak Day Crowd	4,075	2,801	4,736	3,675	2,741
Average Skier Visits (000)	166	111	294	179	126
Average Age of Ski Areas	24 years	20 years	19 years	21 years	18 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	$11.44	$ 9.11	$10.51	$10.05	$ 8.31
Avg. Lift Ticket Revenue/S-V	$ 9.20	$ 6.87	$ 9.35	$ 8.15	$ 6.58
Avg. Adult Lift Ticket Price					
Weekend	$12.44	$10.75	$11.52	$11.34	$ 9.81
Weekday	$10.03	$ 8.51	$11.09	$ 9.65	$ 8.22
Average Night Ticket Price	$ 5.48	$ 6.32	$ 6.51	$ 6.19	$ 6.09
Avg. Adult Season Ticket Price	$ 248	$ 183	$ 244	$ 216	$ 180
Average Utilization	40%	38%	57%	46%	39%
Avg. Profit (Loss) Before Tax	$ 201	$ 128	$ 740	$ 332	$ 178
Ratio: Revenue/GFA	45%	52%	61%	54%	49%
Base	(16)	(34)	(22)	(72)	(45)

TABLE 81

ECONOMIC RATIOS - SNOWMAKING & NIGHT OPERATIONS

	With Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
VTF/Hour (000)	5,661	2,626	6,594	4,513	2,921
VTF/Hour - Demand/Skier Visit	1,500	1,235	1,894	1,552	1,426
Skier Capacity	3,774	2,127	3,482	2,907	2,048
Days/Nights of Operation	97	137	149	132	146
Season Capacity (000)	416	294	519	390	321
Actual Skier Visits (000)	166	111	294	179	126
Profit (Loss) Before Tax (000)	$ 201	$ 128	$ 740	$ 332	$ 178
Plus: Depreciation (000)	$ 240	$ 150	$ 361	$ 234	$ 142
Before Tax Cash Flow (000)	$ 441	$ 278	$1,101	$ 566	$ 320
Operating Profit (Loss) (000)	$ 409	$ 189	$ 930	$ 465	$ 244
Cash Operating Costs (000)	$1,497	$ 810	$1,974	$1,318	$ 731
Gross Fixed Assets (000)	$4,780	$2,209	$5,369	$3,746	$2,280
Secured Debt (000)	$2,424	$ 669	$2,341	$1,570	$ 677
Equity (000)	$1,480	$ 870	$2,628	$1,543	$ 823
Critical Ratios					
Health (Debt to Cash Flow)	5.5X	2.4X	2.1X	2.8X	2.1X
Profitability:					
Operating Profit on GFA	8.6%	8.6%	17.3%	12.4%	10.7%
Profit (BT) on Equity	13.6%	14.7%	28.2%	21.5%	21.6%
Performance:					
Average Utilization	39.9%	37.5%	56.7%	45.9%	39.1%
Days/Nights of Operation	97	137	149	132	146
Policy & Planning:					
Capital/Capacity Ratio	$1,267	$1,039	$1,542	$1,289	$1,113
Operating/Capacity Ratio	$ 3.60	$ 2.76	$ 3.80	$ 3.38	$ 2.28
Revenue/Skier Visit:					
Ski Lift Gross	$ 9.20	$ 6.87	$ 9.35	$ 8.15	$ 6.58
Ski School Margin	$ .39	$ .47	$ .28	$ .39	$ .40
Food Service Margin	$ .66	$ .33	$ .30	$ .39	$ .25
Bar Margin	$ .34	$ .30	$ .08	$ .24	$ .21
Ski Shop Margin	$ .31	$ .17	$ .12	$ .19	$ .14
Ski Rental Margin	$ .42	$ .84	$ .30	$ .58	$ .62
Other Margin	$ .12	$ .13	$ .08	$ .11	$ .11
Total - Revenue/Skier Visit	$11.44	$ 9.11	$10.51	$10.05	$ 8.31
Base	(16)	(34)	(22)	(72)	(45)

TABLE 82

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With Night Operations (000)
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	
Gross Fixed Assets	$4,780	$2,209	$5,369	$3,746	$2,280
Revenue:					
Ski Lift Gross - Winter	$1,524	$ 759	$2,753	$1,538	$ 827
Ski Lift Gross- Summer	26	4	13	12	8
Supporting Margin - Winter	458	281	363	345	229
Supporting Margin - Summer	38	24	3	21	23
Year Round Margin	100	81	133	101	30
TOTAL REVENUE	$2,146	$1,149	$3,265	$2,017	$1,117
Less:					
Ski Lift Direct Expense	$ 455	$ 265	$ 872	$ 493	$ 262
Payroll Taxes	95	39	67	60	46
Property Operation	110	73	95	88	64
OPERATIONS MARGIN	$1,486	$ 772	$2,231	$1,376	$ 745
Less:					
General & Administrative	$ 273	$ 161	$ 375	$ 251	$ 138
Marketing (advertising, public relations, promotion, etc.)	171	59	143	110	48
Insurance (property, liability)	129	83	104	100	67
Land Use Fees (public)	41	2	76	33	11
Land Use Fees (private)	-	10	56	22	17
Property Taxes	42	17	36	28	16
Other Taxes (not income)	38	14	37	26	8
Snowmaking	76	53	50	57	38
Snow Removal	8	2	7	5	4
Miscellaneous	59	32	56	45	12
Depreciation & Amortization	240	150	361	234	142
OPERATING PROFIT (LOSS)	$ 409	$ 189	$ 930	$ 465	$ 244
Less: Interest	208	61	190	133	66
PROFIT (LOSS) BEFORE TAX	$ 201	$ 128	$ 740	$ 332	$ 178
Base	(16)	(34)	(22)	(72)	(45)

TABLE 83

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Gross Fixed Assets				
	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	31.9%	34.4%	51.3%	41.1%	36.3%
Ski Lift Gross- Summer	0.5	0.2	0.2	0.3	0.4
Supporting Margin - Winter	9.6	12.7	6.8	9.2	10.0
Supporting Margin - Summer	0.8	1.1	0.1	0.6	1.0
Year Round Margin	2.1	3.7	2.5	2.7	1.3
TOTAL REVENUE	44.9%	52.0%	60.8%	53.8%	49.0%
Less:					
Ski Lift Direct Expense	9.5%	12.0%	16.2%	13.2%	11.5%
Payroll Taxes	2.0	1.8	1.2	1.6	2.0
Property Operation	2.3	3.3	1.8	2.3	2.8
OPERATIONS MARGIN	31.1%	34.9%	41.6%	36.7%	32.7%
Less:					
General & Administrative	5.7%	7.3%	7.0%	6.7%	6.1%
Marketing (advertising, public relations, promotion, etc.)	3.6	2.7	2.7	2.9	2.1
Insurance (property, liability)	2.7	3.8	1.9	2.7	2.9
Land Use Fees (public)	0.9	0.1	1.4	0.9	0.5
Land Use Fees (private)	-	0.5	1.0	0.6	0.7
Property Taxes	0.9	0.8	0.7	0.7	0.7
Other Taxes (not income)	0.8	0.6	0.7	0.7	0.4
Snowmaking	1.6	2.4	0.9	1.5	1.7
Snow Removal	0.2	0.1	0.1	0.1	0.2
Miscellaneous	1.2	1.4	1.0	1.2	0.5
Depreciation & Amortization	5.0	6.8	6.7	6.2	6.2
OPERATING PROFIT (LOSS)	8.6%	8.6%	17.3%	12.4%	10.7%
Less: Interest	4.4	2.8	3.5	3.6	2.9
PROFIT (LOSS) BEFORE TAX	4.2%	5.8%	13.8%	8.9%	7.8%
Base	(16)	(34)	(22)	(72)	(45)

TABLE 84

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Revenue				
	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
Revenue:					
Ski Lift Gross - Winter	71.0%	66.1%	84.3%	76.3%	74.0%
Ski Lift Gross- Summer	1.2	0.3	0.4	0.6	0.7
Supporting Margin - Winter	21.3	24.5	11.1	17.1	20.5
Supporting Margin - Summer	1.8	2.1	0.1	1.0	2.1
Year Round Margin	4.7	7.0	4.1	5.0	2.7
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	21.2%	23.1%	26.7%	24.4%	23.5%
Payroll Taxes	4.4	3.4	2.1	3.0	4.1
Property Operation	5.1	6.4	2.9	4.4	5.7
OPERATIONS MARGIN	69.2%	67.2%	68.3%	68.2%	66.7%
Less:					
General & Administrative	12.7%	14.0%	11.5%	12.4%	12.4%
Marketing (advertising, public relations, promotion, etc.)	8.0	5.1	4.4	5.5	4.3
Insurance (property, liability)	6.0	7.2	3.2	5.0	6.0
Land Use Fees (public)	1.9	0.2	2.3	1.6	1.0
Land Use Fees (private)	-	0.9	1.7	1.1	1.5
Property Taxes	2.0	1.5	1.1	1.4	1.4
Other Taxes (not income)	1.8	1.2	1.1	1.3	0.7
Snowmaking	3.5	4.6	1.5	2.8	3.4
Snow Removal	0.4	0.2	0.2	0.2	0.4
Miscellaneous	2.7	2.8	1.7	2.2	1.1
Depreciation & Amortization	11.2	13.1	11.1	11.6	12.7
OPERATING PROFIT (LOSS)	19.1%	16.4%	28.5%	23.1%	21.8%
Less: Interest	9.7	5.3	5.8	6.6	5.9
PROFIT (LOSS) BEFORE TAX	9.4%	11.1%	22.7%	16.5%	15.9%
Base	(16)	(34)	(22)	(72)	(45)

TABLE 85

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With
	New England	East & Midwest	Rockies & West	All	Night Operations
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	6.5	6.4	7.3	6.7	7.2
Ski Patrol Payroll	2.5	1.1	3.5	2.1	2.4
Slope Maintenance Payroll	1.1	3.2	2.5	2.5	1.9
Maintenance & Repair Payroll	3.8	4.1	4.0	4.0	4.0
Ticket Sales Payroll	0.7	1.4	1.3	1.2	1.5
Other Payroll	0.4	2.0	2.9	1.9	2.9
TOTAL PAYROLL	15.0	18.2	21.4	18.4	19.9
OTHER DIRECT	12.5	15.9	9.9	13.3	11.0
GROSS MARGIN	72.5	65.9	68.7	68.3	69.1
Base	(16)	(34)	(22)	(72)	(45)

TABLE 86

AVERAGE SKI AREA FINANCIAL DATA - BALANCE SHEETS
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With Night Operations (000)
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	
Assets					
Current Assets	$ 785	$ 334	$1,082	$ 664	$ 314
Gross Fixed Assets	4,779	2,162	5,410	3,718	2,340
Less: Depreciation	(1,829)	(817)	(1,982)	(1,389)	(911)
Other Assets	833	241	1,506	767	197
TOTAL ASSETS	$4,568	$1,920	$6,016	$3,760	$1,940
Liabilities & Net Worth					
Current Liabilities	$ 558	$ 337	$ 689	$ 494	$ 290
Long-Term Debt	1,728	590	1,870	1,223	611
Subordinated Debt	696	79	471	323	66
Deferred Taxes	75	31	277	120	31
Other Liabilities	31	13	81	39	119
Net Worth					
Invested	785	442	1,041	703	556
Retained Earnings	695	428	1,587	858	267
TOTAL LIABILITIES & NET WORTH	$4,568	$1,920	$6,016	$3,760	$1,940
Base	(12)	(31)	(21)	(64)	(42)

TABLE 87

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY
SKI AREAS WITH SNOWMAKING

	New England	East & Midwest	Rockies & West	All
Average Skiable Acres	165	93	700	294
Average Snowmade Acres	60	74	62	67
Proportion	36.4%	79.6%	8.8%	22.8%
Average Capacity	3,774	2,127	3,482	2,907
Average Density	23/acre	23/acre	5/acre	10/acre
Base	(16)	(34)	(22)	(72)

TABLE 88

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY AREAS WITH NIGHT SKIING AND SNOWMAKING

	New England	East & Midwest	Rockies & West	All Areas With Night Skiing
Average Skiable Acres	-	-	-	307
Average Lighted Acres	20	59	50	60
Proportion	-	-	-	19.5%
Average Night Capacity	825	1,585	1,420	1,356
Average Night Density	41/acre	27/acre	29/acre	23/acre
Base	(4)	(26)	(5)	(45)

TABLE 89

SNOWMAKING COST ANALYSIS, 1978-79

	New England	East & Ontario	Midwest	Rockies & West	Total Sample
Labor (000)	$22.1	$33.0	$13.1	$38.9	$26.6
Power (000)	21.7	59.6	18.8	29.8	31.8
Maintenance (000)	7.2	8.4	7.9	14.1	9.4
Other (000)	8.6	2.1	4.9	8.8	6.2
Total (000)	$59.6	$103.1	$44.7	$91.6	$74.0
Acres	60	116	72	89	83
Hours	1,072	1,034	894	733	931
Average Cost/Acre Hour[a]	$1.079	$1.129	$1.192	$1.813	$1.308
Base	(10)	(9)	(10)	(10)	(39)

[a] This is an average of each separate ski area's system and not an average of the totals.

X

COMMENTS FROM SKI AREAS

While the previous chapters only included the results of the 124 ski areas that furnished complete financial data, this chapter includes comments from all 151 areas that replied, even if they were unable to provide complete financial data. The questionnaire asked respondents to provide comments on the season: what were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1978-79 season? The answers to this question are reported verbatim in this chapter. They have been arranged by geographic area to make them more meaningful.

East

Loon added a new chairlift to its uphill capacity this last year and renovated several of its food operations to increase capacity. Loon operates on a strict limited ticket policy and the close-out number was increased by about 500 skiers on peak days last year. There were forecasts of rain and actual rain most of New Year's week and on five Sundays in the last half of the season. There was a ten-day period of sub-zero weather including February holiday. Sell-outs were achieved on only 11 days instead of 32 as occurred the previous year. The increased capacity about offset the bad weather resulting in about the same attendance as the previous year.

We were affected in early winter by a dry fall and were therefore limited in water available for snowmaking. January and March were better than usual in terms of rain. Despite these weather obstacles, we were 20 percent ahead of our best year even in early February and ended up the season 7 percent ahead in dollars and 2 percent ahead in skier days.

The Christmas season started with a great snow storm and the best week that this ski area ever experienced. The new year started with a rain storm and all snow cover was lost, but snowmaking put the area back in operation within a week. The skiers never really came back in large numbers for the remainder of the season. Had great conditions in February, but weather was extremely cold, so no one skied. Lost skiers and snow in mid-March.

Snowmaking allowed longest ski season--219 days. Snowmaking again provided reliable selling regardless of weather or snow conditions--thus assuring revenues.

This non-snowmaking area had almost average snowfall for the season, though it was very unbalanced as we recorded the most snowfall in our 18-year history to the end of January, then accumulated only four inches more in February and just two inches in March. Ski conditions were normally good for New England too, though there was a distinct lack of packed powder after New Year's as almost all subsequent storms were topped off by rain or sleet. Business volume, however, was cut severely by bad weekend weather. Ten weekend days between December 31 and March 11 produced rain, snow, drizzle and/or fog, all of which have disastrous effects on a day ski area's attendance. The heavy rain and thaw of December 31/January 1/January 2 also ruined New Year's Day (Monday) and took away enough of the snow cover to largely spoil the January 6-7 weekend on which the weather was okay. Besides all this, the bitter cold spell from February 9 through 18 slowed skiers on four more weekend days. We were left with only eight good weekend business days through the entire main mid-winter season. Only good skiing and good weather through the midweek portions of both the Christmas and February vacation weeks saved the season from becoming a disaster. As it was, our skier days dropped 28 percent off the previous season's record high and nearly 15 percent off what we consider to be a normal winter.

Triple chair to Summit increased lift capacity to Summit substantially. Snowmaking provided long season and ensured reliable skiing. Overall quality of skiing experience improved substantially.

Nothing new--season started off well but it rained almost every weekend in January then below 0 most of February, so poor Washington's birthday. Season ended early--March 24.

Would have exceeded 1977-78 season by considerable if we had same kind of weather season, and 1977-78 had been our record year! Highlight--of consecutive weekends lost due to rain or forecast of rain; two major vacation weeks highlighted by poor skiing one week with extreme cold and rain on second major vacation week.

This was a very difficult season, weather wise, with eight straight weekends of rain, followed by a bitter cold February and then rain and mud. Skier visits were way down as a result of these conditions.

New base lodge with cafeteria--seating 800-900 with bar serving wine and beer. Very poor weather for skiing during season.

Good snow BUT poor weather--rainy Sundays, cold spell.

Installed a Mountain Coaster. Extreme cold weather in February and early thaw in March curtailed visitors.

1978/79 was a good season with average snowfall. We experienced adverse weather the first of January and especially the last of March which reflected in skier visits. With the acquisition of (4) piston Bulleys we were able to provide skiers with consistently good skiing surfaces.

After spending $600,000 on capital improvements (including two new chairlifts) the weatherman did not cooperate (four warm rainy Sundays in January; 20 days of sub-zero base temperature in February; and four more warm rains in March to end the season abruptly). That says it all!

This season (1978-79) was 28 percent shorter in length than our record-breaking 1977-78 season. Despite the shortness we were still able to achieve our old gross revenue figure, because of a very successful advertising campaign.

New management in November. First change in 17 years. Previously no records of sales, skier days, daily lift logs, etc. No major overhauls or preventive maintenance to equipment in 15 years. Shortest season on record--45 days. Over $20,000 was spent in capital improvements and repairs--all of which was expensed this season. Therefore--a disaster.

Six rained-out peak days (4 in January, 1 in February). Virtually closed down March 10 for season due to poor weather, no snow fall. Lowest snow fall in 20 years--39 inches.

(1) 75 percent increase in mid-week business due to increased rooms and specialized marketing program; (2) eight rainy weekends depressed this business; (3) relatively shorter season--106 days versus 120 usual.

Poor December--six consecutive rainy weekends. Good late January and February--lowest number of operating days--second highest skier visits--nights good.

Opened new mountain with 2,300 foot chair with two new slopes and two trails. Completed 16 new townhouses--all sold. Shorter winter of 103 days with start just before Christmas. Raised prices approximately 8 percent and had record year with slow finish.

December and January ahead of 1977-78 winter in skier visits. February unusually cold and cloudy. Skier visits decreased. March had poor conditions and skier visits declined compared to previous year. We did not achieve volume increase expected. Cost increases exceeded price increase. Overall it was a so-so winter.

Income for the 1978-79 season surpassed the record-breaking previous by 13 percent in spite of three rainy weekends in January, bitter cold in February and a dramatic drop in attendance in March. Substantial increases in "Pre-Sold" skiing--i.e., season passes and group programs--saved the season. Excitement generated by a new major expert slope, expanded snowmaking and consistently good conditions despite the weather contributed as well.

Short season of 100 days. Had to close March 15 after a very poor month. Many rainy weekends all season.

Expansion: constructed our own drinking water system, $25,000; purchased new Bombardier SV302, $47,000; purchased new powdermaker, $6,000; improvements to racing, cafeteria and rental; $20,000. Weather: was good in December, but turned very cold during end of January, beginning of February--drop of attendance. Also, Friday snow storms in Toronto keeps drivers off the roads on weekends.

Rain all January weekends.

We had a 12 week season compared to a usual 14 to 16 week season. Unusually large amount of rain the entire season. Added a new Fudge Shop and a fast food line.

Major modification of lift "A", new group tour lodge, weather on weekends was poorer than normal. Warmer than normal November, and extremely cold February also reduced skier numbers.

1979 was not as good snow-wise as 1978 was. Seems to be less people skiing downhill than in previous years. (In my opinion) skiing is losing ground to the high prices of inflation.

Short season--ended early. Expanded nursery, added trail.

Rain every Sunday in January. Generally less than natural snowfall. Earliest closing date in past 25 years.

Eastern Championship Series--Haystack Slalom. National Ski Patrol Day. Spring Fling Weekend.

Midwest

Snow conditions not very good at the start of the ski season. Also March was somewhat warm and not much snowfall.

Very good season through the middle of January 1979. Cold weather and good snow in southern Michigan attributed to drop in business during latter part of January and all of February. Rain in March and early closing (March 18). No profit during last month of operation.

Unseasonably cold weekends in February, last half of March poor conditions (drizzly and foggy), our rate structure was too low, our Director was discharged at the end of November 1978.

Extreme cold weather kept growth down.

We added three overnight cabins and a new ski patrol cabin plus more snowmaking and lights. To more fully utilize the colder river water, a holding and settling pond was constructed. Too many cold days last season. Liability insurance premiums moderated.

For the first time we actually were hurt by too much snow! The chaos in Chicago cut our attendance severely. We were forced by the poor season to defer action on some of our more ambitious ideas.

Just a good season.

Extreme cold weather kept skiers away.

Being a new ski area, although on the fringe of feasible weather conditions, a viable market (Louisville, Kentucky/Indianapolis) and full application of ski area operation know-how, made the first season a success and prompted expansion for the 1979-80 skiing season.

We have experienced two very good winters here in northern Indiana which have boosted our income to an all-time high.

Extremely cold and excessive snowy January. Major mechanical problems with chair, t-bar and groomer also in January. Considering comments from other operators in area, we fared very well in spite of weather and breakdowns.

Not a bad year compared to long term but off from two previous record seasons. Somewhat late start and abrupt end of skier interest in late February when warmer weather suddenly arrived.

Although Blackjack experienced a sizable increase in skier attendance, unseasonal cold weather and heavy snowfall in our market area (Chicago, Milwaukee and Minneapolis) cut overall attendance by an estimated 10,000 skiers.

Good snow, good season. Snow in November started skiing Thanksgiving.

The 1978-79 season started out very good, but then continual cold weather moved in and caused business to slow considerably during January and February.

Exceptional amount of snow (twice the average). However, a cold January-March resulted in a poor season. December and November was the best in eight years.

Rocky Mountains

Best snow conditions all season in the history of Taos Ski Valley.

The area experienced a healthy increase, mostly due to the good snow conditions.

A record snowfall of well over 800 inches this year increased our operating cost considerably in snow removal, slope maintenance and repairs to buildings and machinery. Also poor highway maintenance and frequent road closures decreased our skier count considerably.

Very good snow.

Our Master Concept Plan was approved but is held up by appeal. We do not know when it will be freed.

Lousy cold windy weather. New lousy records December 1-February 1.

Abundant snow and more effective marketing caused a 70 percent increase in skier days.

Record snow year equalled record skier visit year. We look to a very good year in 1979-80 if Iran doesn't go under. Inflation is eating us up internally, coupled with inequitable Forest Service pricing guidelines.

Unusual cold weather in Colorado this past season.

It was our best season ever for total number of skiers, and total gross dollar income. We had good snow nearly all season. We installed snowmaking in the fall of 1978, which provided us with an earlier opening and a longer season.

A preseason promotion on season passes resulted in the sale of 2,500 passes, getting us off on the right foot. Snow depth was average and we operated into January 1979 on 22 inches of snow. The area was in full operation, however, and due to the hard base, slopes held up well. Record cold temperatures hit us during the last half of Christmas vacation, cutting revenue drastically. In spite of the factors we enjoyed a good season both from the standpoint of skier attendance and operating results.

The Christmas season of 1978 was lost to nine consecutive sub-zero days. The rest of the season went according to plan despite our lowest total snow fall on record (362 inches). Two new lifts performed well in expanding the area and providing better access from the base.

We received early very heavy snows and never had to use the new snowmaking system--thus we had 140 days of season and a record year.

Below-average snow fall.

The severe cold during the Christmas Holidays greatly affected skier use during that period.

Better weather conditions with ample snow conditions.

Arapahoe Basin was purchased and made part of Keystone Resort. Four new lifts were added, and all buildings were renovated. A new sewer, water and electrical system was installed. We opened late due to lack of snow and amid rumors that we would not open this year. The cold weather and snow fall that was 66 percent of normal did not help. However, the marketing we did early in the year began to take effect after the President's holidays and we did well in the spring, and finished the season 13 percent ahead of last year, while running 20 days less (11 percent).

New area--rain December 18--washed away all snow. Bad December.

The town of Pincher Creek and Municipal District of Pincher Creek purchased the assets of Castle Mountain Resorts Ltd. on October 20, 1978, for $1.00. The operation is now under their joint ownership. Our capital budget for the rejuvenation of the facility was $243,000.00 (Alta government) and public donations.

West

Opened Thanksgiving day and ran 152 days, with excellent snow the entire operating period.

Major expansion--addition of major lift, rebuilding other lifts, new runs, construction of mountain top cafeteria facility. We strive for lowest rates possible. Repeat customers are a big percentage of our business. Normal snowfall for season.

Excellent snow season! Lodge expanded 40 percent. One new chair.

The winter was colder than normal.

Unusually heavy and frequent snowfall led to record breaking year with 157 days and 122 nights of operation for a combined total of 299. 525,791 skier visits--68 percent over previous record. Major expansion this summer in lifts, runs, snowmaking, and base facilities. Instituting busing service from Metropolitan Area for the 1979-80 season.

Late opening, ran only two lifts through Thanksgiving Holidays. Had to shut down until December 8 due to rain. Excellent conditions during Christmas and ran with record crowds. Conditions good in February but storms hit on weekends. Operated less days than normal but still had same skier days as the record setting 1977-78 season.

Weather unusually cold in December and early January caused the loss of an estimated 25,000 skier visits.

Marginal snow conditions until mid-January.

Opened December 1 (approximately two weeks late) with a new 23,000 feet Day Lodge, which included 600 seat cafeteria. Also, Old Lodge remodeled to add expanded bar and sit-down restaurant (90 seats). Total capital improvements in excess of $2,000,000. Also, $2,800,000 sewer system went on line at start of season.

We had a long, severely cold period early in the season which reduced our skier visits considerably.

Commenced operation of Palmer Chairlift, which now provides Timberline Lodge year-round skiing.

Late start--good season.

Grooming of our intermediate hill allowed us to open for an extra 30 days--this put us in competition with our nearest competitors who have only intermediate slopes.

Full operation did not begin until 2/14/79 because of lack of snow. Installed a new double chairlift--operated all season.

(1) A new condominium was built increasing the rental pool by 27 units; (2) the 12 miles of access road was upgraded to paving standards; (3) a water purification system was installed to service the village; (4) a new restaurant/bar and timeshare accommodations began operations (neither owned nor operated by Big White).

APPENDIX A

LIST OF SKI AREAS RESPONDING TO THE NATIONAL SKI AREAS ASSOCIATION ANNUAL ECONOMIC SURVEY, 1978-79 SEASON

This list consists of the 124 ski areas that responded to the annual economic survey and provided complete financial data. The ski areas are listed in alphabetical order by region.

East

Appalachian Ski Mountain, Inc.
P.O. Box 106
Blowing Rock, North Carolina 28605

Blue Mountain Resorts Limited
R. R. #3
Collingwood, Ontario L9Y 3Z2
Canada

Bretton Woods Resort
Route 302
Bretton Woods, New Hampshire 03575

Bristol Mountain
R. D. #3
Canandaigua, New York 14424

Burke Mountain Recreation, Inc.
East Burke, Vermont 05832

Butternut Basin, Inc.
State Road
Great Barrington, Massachusetts 01230

Camden Snow Bowl
P.O. Box 456
Camden, Maine 04843

Cataloochee Ski Area
Route 1, Box 500
Maggie Valley, North Carolina 28751

Elk Mountain Ski Center, Inc.
Box 258, R. D. #1
Union Dale, Pennsylvania 18470

Gunstock Area
P.O. Box 336
Laconia, New Hampshire 03246

Hidden Valley Highlands Ski
Group Box #74, R. R. #4
Huntsville, Ontario POA 1KO
Canada

Holiday Mountain
Box 629
Monticello, New York 12701

Holiday Valley Ski Resort
P.O. Box A, Holiday Valley Road
Ellicottville, New York 14731

Hunter Mountain Ski Bowl
Box 295
Hunter, New York 12442

Jiminy Peak Inc.
Corey Road
Hancock, Massachusetts 01237

Killington Ski Area
Killington Road
Killington, Vermont 05751

King Ridge
R.F.D.
New London, New Hampshire 03257

Kissing Bridge Corporation
Route 240
Glenwood, New York 14069

Loon Mountain Recreation Corporation
Lincoln, New Hampshire 03251

Mont Tremblant Lodge Inc.
Mont Tremblant, Quebec J0T 1Z0
Canada

Mt. Mansfield Company, Inc.
R. R. #1
Stowe, Vermont 05672

Mount Snow Ski Resort
Mount Snow, Vermont 05356

Mt. Sunapee State Park
Mt. Sunapee, New Hampshire 03772

Pleasant Mountain
Mountain Road
Bridgton, Maine 04009

Ski Liberty
P.O. Box D
Fairfield, Pennsylvania 17320

Ski Roundtop
R. D. #1, Box 256
Lewisberry, Pennsylvania 17339

Ski Sundown
Ratlum Road
New Hartford, Connecticut 06057

Ski Valley Club, Inc.
West Hollow Road
Naples, New York 14512

Snowshoe Company
P.O. Box 10
Snowshoe, West Virginia 26209

Sugarloaf/USA
Carrabassett Valley, Maine 04947

Swain Ski Center
Swain, New York 14884

Temple Mountain Ski Area
Route 101
Peterborough, New Hampshire 03458

Timber Ridge Ski Area
Windham, Vermont 05359

Wachusett Mountain Ski Area
Mountain Road
Princeton, Massachusetts 01541

Waterville Valley
Waterville Valley, New Hampshire 03223

Wildcat Mountain Corporation
Pinkham Notch
Jackson, New Hampshire 08846

Windham Mountain Club, Inc.
South Street
Windham, New York 12496

Midwest

Bendix Woods Ski Area
R. R. #2, P.O. Box 72A
New Carlisle, Indiana 46552

Buck Hill, Inc.
15400 Buck Hill Road
Burnsville, Minnesota 55337

Buena Vista
219 Bemidji Avenue
Bemidji, Minnesota 56601

Caberfae Ski Resort
Route 4
Cadillac, Michigan 49601

Indianhead Mountain
Indianhead Mountain Road
Wakefield, Michigan 49968

Mt. Brighton
4141 Bauer Road
Brighton, Michigan 48116

Paoli Peaks, Inc.
Route 3, P.O. Box 67
Paoli, Indiana 47454

Pine Mountain
Iron Mountain, Michigan 49801

Powder Ridge Ski Area
Box 339
Kimball, Minnesota 55353

Rib Mountain
Route 4, Box 387
Wausau, Wisconsin 54401

Schuss Mountain, Inc.
Mancelona, Michigan 49659

Skyline Ski Area
Route #1, Box 1708
Grayling, Michigan 49738

Snow Trails
P.O. Box 163
Mansfield, Ohio 44901

Spirit Mountain Recreation Area
9500 Spirit Mountain Place
Duluth, Minnesota 55810

Sugar Hills Lodge
Sugar Lake, Box 389
Grand Rapids, Minnesota 55744

Sunburst Ski Area
8355 Prospect Drive
Kewaskum, Wisconsin 53040

Telemark
Cable, Wisconsin 54821

Welch Village Ski Area, Inc.
Welch, Minnesota 55089

Whitecap Mountain Recreation, Inc.
Box D
Montreal, Wisconsin 54550

Wilmot Mountain Inc.
P.O. Box 177
Wilmot, Wisconsin 53192

Rockies

Alta
Alta, Utah 84070

Angel Fire
P.O. Drawer B
Angel Fire, New Mexico 87718

Arizona Snow Bowl
P.O. Box 158
Flagstaff, Arizona 86002

Aspen Mountain
P.O. Box 1248
Aspen, Colorado 81611

The Big Mountain
P.O. Box 1215
Whitefish, Montana 59937

Bogus Basin
731 North 15th
Boise, Idaho 83702

Breckenridge
Box 1058
Breckenridge, Colorado 80424

Bridger Bowl
P.O. Box 846
Bozeman, Montana 59715

Buttermilk Mountain
Box 1248
Aspen, Colorado 81611

Copper Mountain
2526 Prudential Plaza
Denver, Colorado 80265

Crested Butte Mountain Resort, Inc.
P.O. Box 528
Crested Butte, Colorado 81224

Deer Mountain Ski Area
P.O. Box 392
Deadwood, South Dakota 57732

Eldora
P.O. Box 430
Nederland, Colorado 80466

Fortress Mountain Resorts Ltd.
Box 7220, Station E
Calgary, Alberta T3C 3M1, Canada

Geneva Basin Ski Corporation
P.O. Box 65
Grant, Colorado 80448

Grand Targhee Resort
12 miles East of Driggs
Driggs, Idaho 83422

Jackson Hole Ski Area
P.O. Box 290
Teton Village, Wyoming 83025

Lake Louise Ski Area
2401-505 6th Street S.W.
Calgary, Alberta T2P 1X5, Canada

Loveland Basin Ski Areas
P.O. Box 455
Georgetown, Colorado 80444

Marshall Mountain Ski Area
Route 3
Missoula, Montana 59801

Montana Snow Bowl
Box 8264
Missoula, Montana 59801

Nordic Valley
3567 Nordic Valley Way
Liberty, Utah 84310

Park City Ski Corporation
P.O. Box 39
Park City, Utah 84060

Powderhorn Ski Corporation
P.O. Box 1826
Grand Junction, Colorado 81502

Purgatory (Durango Ski Corporation)
P.O. Box 666
Durango, Colorado 81301

Red Lodge Mountain
Drawer R
Red Lodge, Montana 59068

Red River Ski Area
Box 303
Red River, New Mexico 87558

Sandia Peak Ski Company
10 Tramway Loop, N.E.
Albuquerque, New Mexico 87122

Santa Fe Ski Area
P.O. Box 2287
Santa Fe, New Mexico 87501

Showdown Ski Area
Box 92
Neihart, Montana 59465

Sierra Blanca
Box 220
Ruidoso, New Mexico 88345

Sipapu Ski Area
Route Box 29
Vadito, New Mexico 87579

Snow Basin
P.O. Box 200
Huntsville, Utah 84317

Snowmass
P.O. Box 1248
Aspen, Colorado 81611

Steamboat Ski Area
P.O. Box 1178
Steamboat Springs, Colorado 80477

Sunlight
Glenwood Springs, Colorado 81601

Taos Ski Valley, Inc.
Taos Ski Valley, New Mexico 87571

The Telluride Ski Area, Inc.
210 W. Colorado Avenue
P.O. Box 307
Telluride, Colorado 81435

Vail
P.O. Box 7
Vail, Colorado 81657

Winter Park Recreational Association
P.O. Box 36
Winter Park, Colorado 80482

Wolf Creek
P.O. Box 1036
Pagosa Springs, Colorado 81147

West

Alpental, Inc.
P.O. Box 1038
Snoqualmie Pass, Washington 98068

Alpine Meadows
P.O. Box AM
Tahoe City, California 95730

Alyeska Resort
P.O. Box 249
Girdwood, Alaska 99587

Anthony Lakes
P.O. Box 1370
La Grande, Oregon 97850

Boreal
Box 39
Truckee, California 95734

Crystal Mountain
Crystal Mountain, Washington 98022

Dodge Ridge
Box 1188
Pinecrest, California 95364

49° North
Box 166
Chewelah, Washington 99109

Hoodoo Ski Bowl
Box 20, Highway 20
Sisters, Oregon 97759

Kirkwood Meadows
Kirkwood, California 95646

Lee Canyon Ski Area
1552 Winwood Street
Las Vegas, Nevada 89108

Lookout Pass Ski Area
c/o Idaho Ski Club, Inc.
P.O. Box 983
Wallace, Idaho 83873

Mammoth Mountain Ski Area
P.O. Box 24
Mammoth Lakes, California 93546

Mission Ridge
P.O. Box 1765
Wenatchee, Washington 98801

Mt. Bachelor, Inc.
P.O. Box 1031
335 S.W. Century Drive
Bend, Oregon 97701

Mt. Hood Meadows
P.O. Box 47
Mt. Hood, Oregon 97041

Mt. Reba, Inc.
P.O. Box 38
Bear Valley, California 95223

Multorpor Ski Bowl
Box 87
Government Camp, Oregon 97028

Schweitzer, Inc.
P.O. Box 815
Sandpoint, Idaho 83864

Sierra Ski Ranch
Twin Bridges, California 95735

Ski Incline
P.O. Drawer AL
Incline Village, Nevada 89450

Snow Summit Ski Corporation
P.O. Box 77
Big Bear Lake, California 92315

Squaw Valley Ski Area
P.O. Box 2007
Olympic Valley, California 95730

Stevens Pass
1411 Fourth Avenue Building
Seattle, Washington 98101

Sugar Bowl
Norden, California 95724

Timberline Lodge
General Delivery
Government Camp, Oregon 97028

The following list contains the names of those ski areas who responded but were unable to provide complete financial data.

East

Big Tupper Ski Area
P.O. Box 820
Tupper Lake, New York 12986

Camelback Ski Corporation
Box 168
Tannersville, Pennsylvania 18372

Canaan Valley Ski Area
Route 1, Box 39
Davis, West Virginia 26260

Cannon Mountain
Franconia, New Hampshire 03580

Gore Mountain Ski Center
Peaceful Valley Road
North Creek, New York 12853

Haystack Ski Area
Box 336
Wilmington, Vermont 05363

Hickory Ski Center
1179 Hedgewood Lane
P.O. Box 9004
Schenectady, New York 12309

Lost Valley Inc.
P.O. Box 260
Auburn, Maine 04210

Mt. Attitash Lift Corporation
Route 302
Bartlett, New Hampshire 03812

Peek'n Peak Recreation, Inc.
P.O. Box 100
Clymer, New York 14724

Snow Ridge Ski Area
Turin, New York 13473

Midwest

Blackjack Ski Corporation
P.O. Box 66
Bessemer, Michigan 49911

Nashville Alps Ski Resort, Inc.
Rural Route #1, Box 398A
Nashville, Indiana 47448

Quadna
Hill City, Minnesota 85748

Trollhaugen
Box 607
Dresser, Wisconsin 54009

Wild Mountain
Box 225
Taylors Falls, Minnesota 55084

Rockies

Hidden Valley Ski Area
P.O. Box 98
Estes Park, Colorado 80517

Keystone
Box 38
Dillon, Colorado 80435

Keystone/Arapahoe Basin
Box 38
Keystone, Colorado 80435

Ruidoso Ski Area
Box 1417
Ruidoso, New Mexico 88345

Ski Broadmoor
The Broadmoor
Colorado Springs, Colorado 80906

Westcastle Park
Box 159
Pincher Creek, Alberta TOK 1WO
Canada

West

Big White Ski Development Ltd.
P.O. Box 2039, Stn. R.
Kelowna, British Columbia, Canada

Garibaldi Lifts
602-325 Howe Street
Vancouver, British Columbia V6C 1Z7
Canada

Ski Ashland, Inc.
P.O. Box 220
Ashland, Oregon 97520

Snow Valley, Inc.
P.O. Box 8
Running Springs, California 92382

Tahoe Donner
P.O. Drawer G
Truckee, California 95734

National Ski Areas Association
Annual Economic Survey
1978-79 Season

PLEASE RETURN BY AUGUST 15, 1979

This questionnaire represents the eleventh economic survey of ~~North American Ski Areas~~. The response in 1977-78 allowed us to prepare an excellent analysis of the industry. We again solicit your cooperation. Please return it as soon as possible.

The data must include the 1978 summer season and the winter season 1978-79 — an entire 12 month period. If you wish to send us a copy of your financial statement we will complete a questionnaire for you.

The instructions and definitions provided are designed to facilitate the collection of comparable data — please follow them as closely as possible. The definitions are arranged as they appear in the questionnaire.

We have asked you to identify your area for follow-up purposes; however, all information will be kept strictly confidential.

Name of Ski Area ______________________ Telephone ______________

Address ____

City ______________________ State ____________ Zip Code ________

Fiscal Year ______________ 19 ______ to ______________ 19 ______

Person to contact if further information is required ______________

Telephone number where contact person can be reached during September and October ______________

Person to whom the final report should be sent ______________

____

GENERAL INFORMATION (For Classification Purposes)

1. Ski lift data that you provided in previous surveys is stored on punched cards. If you provided this data previously list only new lifts added and old lifts retired or rebuilt to different capacities.

(If no changes, please give 1977-78 VTF/Hr total: ______________________)

A	B	C	D	E
Lift Type (Please list each lift separately)	**Year Lift First Operated**	**Vertical Drop**	**Uphill Capacity in Skiers/Hour**	**VTF/Hour (C×D)**

Total Area Vertical Transport Feet/Hour ☐

2. Year of first operation ______________

3. Does your ski area have snowmaking?
( ) Yes ( ) No

How many hours did you operate snowmaking equipment in 1978-79? __________ Hours

4. What is the total number of skiable acres at your ski area:

a) Total skiable acres of slopes and trails: __________ acres
b) Acres covered with snowmaking equipment: __________ acres
c) Acres under lights for night skiing: __________ acres

5. Classification of your ski area — choose one. (See **Definitions 8, 9, 10, and 11.)**
( ) Day Skier Area ( ) Weekend Skier Area
( ) Vacation Skier Area ( ) Weekend Only Area

6. We are seeking an absolute measure of growth in usage. Skier-visits is the universally accepted measure of business volume. Would you provide us with your skier-visit count for the past five ski seasons? (See **Definition 12.)**

1978-79 ______________ skier-visits
1977-78 ______________ skier-visits
1976-77 ______________ skier-visits
1975-76 ______________ skier-visits
1974-75 ______________ skier-visits

7. We are seeking a measure of your ski area daily and seasonal capacity. Capacity is the product of the number of skiers at one time and the number of time periods. Would you please provide us with the following data?

a) Your peak crowd in 1978-79: ________ skiers at one time
b) Your estimate of your "comfortable" *day* time skier capacity in 1978-79: ________ skiers at one time
   1) Number of days when all trails were open and skiable, and you could handle a full crowd: ________ days
   2) Number of days when at least half your ski area was open and skiable, but not all, and you could handle less than your "comfortable" crowd: ________ days
   3) Number of days when less than half of your ski area was open and skiable, and you could handle less than half of your "comfortable" crowd: ________ days
   4) Total days of operation 1978-79: ________ days
c) If you also operate some lifts and trails at night, your estimate of your "comfortable" *night* time skier capacity in 1978-79: ________ skiers at one time
   1) Number of nights when all night lifts and trails were open and skiable and you could handle a full night time crowd: ________ nights

8. Ticket Price:

Adult Weekend All-Day Ticket $ __________
Adult Weekday All-Day Ticket $ __________
Night Ticket Price $ __________
Season Ticket Price $ __________

9. Proximity to metropolitan area (SMSA) in miles. (See **Definition 13.**)
( ) 0-24 ( ) 25-49 ( ) 50-74 ( ) 75-99
( ) 100 or More

10. How many ski areas are within 1 hour's driving time of your area:
( ) 0 ( ) 1 ( ) 2-3 ( ) 4-5 ( ) 6 or More

11. Percentage of your terrain in the following categories:

Beginner ________ %
Intermediate ________ %
Expert ________ %

12. Lodging available to ski patrons:

Number of beds at your base area ______________

Number of beds within 10 miles of your base area *(including beds at base)* ______________

13. Other activities available at your area:

	Yes	No
Toboggan or Sleds	( )	( )
Snowmobile	( )	( )
Skating	( )	( )
Ski Touring	( )	( )
Golf	( )	( )
Tennis	( )	( )
Swimming	( )	( )
Water Sports	( )	( )

14. Ski Area Land Ownership is:
( ) All private land
( ) Partially or wholly public land
   ( ) U.S.F.S. permit
   ( ) State land lease
   ( ) Canadian Government land lease
   ( ) Other (county, etc.)

Percent of slope transport feet **(see Definition 14)** on public land ________ %.

15. Is your area engaged in land and/or real estate development?
( ) Second home residential sites
( ) Second homes
( ) Condominium sites
( ) Condominiums
( ) Commercial sites
( ) Commercial buildings
( ) Not engaged in land development

16. Please give us the average number of employees for each of the categories listed below:

	Lift Dept.	Ski School	Food Service	Rental Shop	Bar	Retail Store	Accommodations	Other	Total All Operations
Average day									
Peak day									

1978-79 Itemized Income Statement for a 12-Month Period _______ 1978 Through _______ 1979 (See **Definitions 15-20**).

Winter Season Operations

	Ski Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accommodations	Other
Do not have:	( )	( )	( )	( )	( )	( )	( )	
Own and Operate:	( )	( )	( )	( )	( )	( )	( )	
Concession:	( )	( )	( )	( )	( )	( )	( )	
In thousands:	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Revenue — Gross Sales or	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____
Concession Income	....	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____
Less: Direct Expenses								
(A) Cost-of-Goods-Sold	....	....	$ _____	$ _____	$ _____	$ _____[4]	....	$ _____
(B) Direct Labor	$ _____ *	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____
(C) Other Direct[5]	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____
Less: Direct Allocations:								
(D) Payroll Taxes, etc.[6]								
(E) Property Operation[7]								
(F) ____________________								
Equals: GROSS MARGIN:	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____

		(000)
*Detail Lift Department		
Direct Labor:	Lift	$ _____
	Ski Patrol	$ _____
	Slope Maintenance	$ _____
	Maintenance and Repair	$ _____
	Ticket Sales	$ _____
	Other	$ _____

[1] Other includes Lockers, Nursery, Souvenirs, Coin Machines, Snow Tours, Ice Skating, etc.

[2] The Utility Dept. is for those ski areas that operate community water, sewer, power, plowing, telephone, garbage collection, etc., services either for a fee or free.

[3] Misc. includes Interest Income, Timber Sales, and other unconventional undertakings.

[4] Include the depreciation of rental equipment under cost-of-goods-sold instead of the depreciation account. This is because of the general short life of this equipment.

[5] Other Direct Costs to include the utility cost (except snowmaking), repair and maintenance costs, parts and supplies costs, uniform costs, and any other costs that are directly attributable to the departmental operation.

[6] Payroll Taxes and Employee Benefits to include FICA and unemployment taxes, health, disability and workman's compensation insurance, life insurance, pension and profit sharing, vacation and holiday pay, meals, gifts, etc.; may be allocated by department or grouped under the annual totals in accordance with your accounting treatment.

[7] Property Operation to include utilities (except snowmaking power), fuel, gas and oil, vehicle repairs and maintenance, building repairs and maintenance, parking lot operation, grounds maintenance, waste disposal, janitorial, security, heat-light and power; may be allocated by department or grouped under annual totals in accordance with your accounting treatment.

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7. Will you please provide us with comments on your 1978-79 season? What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1978-79 season? (Please use an additional sheet if necessary.)

____

____

____

____

Year Round Operations			**Summer Season Operations**						
Real Estate	Utility[2] Dept.	Misc.[3]	Lift Dept.	Food Service	Retail Store	Sports Dept.	Accommodations	Summer Slide	**ANNUAL TOTALS**
( )	( )	( )	( )	( )	( )	( )	( )		
( )	( )	( )	( )	( )	( )	( )	( )		
( )	( )	( )	( )	( )	( )	( )	( )		
(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______
______	$ ______	$ ______	....	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______
______	....	$ ______	....	$ ______	$ ______	....	....	$ ______	$ ______
______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______
______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______
									$ ______
									$ ______
									$ ______
______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______

Less: Common Expenses:

(A) General and Administrative .... $ ______

(B) Marketing (Adv.; Pub.; Pro.; P.R.; etc.) .... $ ______

(C) Insurance: (1) Property (Fire, Theft, etc.) .... $ ______

(2) Liability .... $ ______

(D) Land use fees (1) Public Land Lease .... $ ______

(2) Private Land Lease .... $ ______

(E) Taxes (Except Income taxes)

(1) Property Taxes .... $ ______

(2) Other Taxes .... $ ______

(F) Snowmaking: (1) Labor .... $ ______

(2) Power/Fuel .... $ ______

(3) Mainte[illegible]ce .... $ ______

(4) [illegible]ater, etc.) .... $ ______

(G) Snow removal .... $ ______

(H) Miscellaneous .... $ ______

(I) Depreciation and Amortization .... $ ______

OPERATING PROFIT (LOSS) .... $ ______

Less: Interest Expense .... $ ______

PROFIT (LOSS) Before Income Taxes .... $ ______

Balance Sheet Information (as of ______________ 1979)
(See **Definitions 21-29**)

Please make sure total assets equal total liabilities + net worth. Otherwise the data cannot be used.

	(Round to Nearest $1,000) **1979**
Assets	
a. Current Assets	$ ________
b. Gross Fixed Assets (Undepreciated Cost Excluding Land Held for Resale and Overnight Accommodations)	________
c. Less Accumulated Depreciation	(________)
d. Other Assets (Including Land Held for Resale and Overnight Accommodations)	________
TOTAL ASSETS	$ ________*
Liabilities and Net Worth	
e. Current Liabilities	$ ________
f. Long Term Debt	
1. Senior Long Term Debt (Secured by Mortgages, Chattels, etc.)	________
2. Subordinated Debt	________
g. Deferred Taxes	________
h. Other Liabilities	________
i. Net Worth	
1. Invested Capital	________
2. Retained Earnings (Loss)	________
TOTAL LIABILITIES AND NET WORTH	$ ________*

*Please make sure that these two figures are the same.

Finally, what comments do you have on the annual economic survey? What would you like to see added or dropped? What suggestions can you make to improve it?

____

____

____

Thank you for your cooperation

Please return the questionnaire to:
Business Research Division
University of Colorado
Campus Box 420
Boulder, Colorado 80309

APPENDIX C

DEFINITION OF TERMS

The definitions of terms utilized throughout the report were developed primarily by the National Ski Area Association's Economic Study Committee. Definitions are given below together with a brief explanation of the usage of the information.

1. Season--the inclusive months during which a ski area is open each season.

2. Fiscal Year--the month in which an area closes its books.

3. Type of Lifts--for purposes of this study are categorized as surface, chair or gondola.

4. Year Lift First Operated--year when the lifts were first installed and operated. Provides a rough measure of capital investment in the industry over time.

5. Vertical Drop--the vertical distance from the top to the bottom of the slope for a particular lift.

6. Uphill Capacity--the manufacturers rated number of skiers per hour a lift can transport to the top of the slope. An area's capacity is the sum of the individual lifts.

7. VTF/Hour (Vertical Transport Feet Per Hour)--the product of the vertical drop of a lift times the lift manufacturers rated skiers per hour capacity.

8. Day Skier Area--area at which overnight, dining and after-ski facilities are limited since the area primarily serves a day skier market.

9. Weekend Skier Area--area with substantial overnight accommodations and a variety of dining and entertainment but which primarily serves skiers who stay for a weekend.

10. Vacation Skier Area--area which primarily serves the skier who stays longer than a weekend.

11. Weekend Only Areaarea which is open only on weekends.

12. Skier-Visit--one person visiting a ski area for all or any part of a day or night for the purpose of skiing. This is the total number of lift tickets issued. Skier-visits include a full-day, half-day, night, complimentary, adult, child, season, and any other ticket types that give a skier the use of an area's facilities. Where single rides or coupon books are an important source of revenue, equivalent skier-visits are computed from these sources. Each ticket sold for night skiing is included as a skier-visit. Skier-visits is an actual count and includes season ticket use.

13. Standard Metropolitan Statistical Area (SMSA)--an incorporated area with a nucleus of at least one city of 50,000 inhabitants or more (or "twin cities" with a combined population of at least 50,000).

14. Slope Transport Feet--a method for prorating winter sport uphill facility capacity on the basis of land ownership. The multiplication of (1) the capacity of each lift times (2) the slope distance traveled by that lift through each ownership (private or U.S. Forest Service). These factors are added for each ownership and the percentage they bear to the total is determined. The resulting percentages reflect by ownership the weighted capacity of the lifts.

15. Revenue--the total revenue derived from ski area operations including ski lifts, ski school, cafeteria, ski shop, equipment rentals, accommodations, and real estate. It also includes concession income from leased operations.

16. Direct Labor--total employees' salaries, wages, and benefits.

17. Other Direct Expense--cost-of-goods sold plus any other costs directly related to the particular activity (excluding depreciation).

18. Gross Margin--the revenue available to cover other expenses after direct expenses have been deducted.

19. Insurance--includes both insurance premiums and self-insured losses or deductible losses paid during the twelve-month period.

20. Profit (Loss) Before Income Tax--net income derived from all area operations after direct and other expenses have been deducted from total revenue.

21. Current Assets-assets such as cash, inventories, pre-paid expenses, accounts receivable, or other items which will convert to cash in the normal course of business within one year.

22. Gross Fixed Assets (GFA)--the total of the original undepreciated cost (not present value) of the improvements and fixtures plus the cost of equipment necessary to generate sales and other income such as day buildings, lifts, equipment, investment in trails, parking, etc., less cost of equipment disposed of. Fixed assets are shown at original cost including additions, but prior to any allowance for depreciation and/or amortization.

23. Depreciation--the cumulative sum of depreciation of gross fixed assets. Indicates the extent to which an area's assets have been written off. Should not include any depreciation on assets previously disposed of.

24. Other Assets--any assets other than current or gross fixed assets. Includes land held for resale as well as overnight accommodations.

25. Current Liabilities--liabilities such as accounts payable, accrued wages, accrued payroll taxes and portions of loans or long term debt due within one year.

26. Long Term Senior Debt--borrowings with repayment scheduled more than one year in the future that are secured by some claim to property or equipment in the event of non-payment.

27. Long Term Subordinated Debt--all borrowing with repayment scheduled more than one year in the future and where the lender has no claim to a specific asset upon liquidation and/or subordinated in terms of priority of payment to other creditors.

28. Invested Capital--the original ownership investment (amount received for stock, partnership or proprietorship interest), plus any new equity funds raised from sources other than earnings.

29. Retained Earnings (Loss)--cumulative earned surplus or loss from annual operations.

Economic Ratios

30. Ski Area Capacity--is defined as those numbers of skiers that a given ski area can comfortably support on the slopes, lifts and in the base and mountain warming buildings without over-crowding or those that may be accommodated at one time and still preserve a congenial environment. A ski area's comfortable capacity is some function of VTF/hour, scope of skiing, and difficulty of terrain, as well as a reflection of the various abilities of the skiers. Ski area capacity is a judgment. In this report it is calculated by assuming a specific VTF/hour demand that varies by geographic region.

31. Operating Profit--is defined as profit before income tax and interest expense. These two expenses vary according to the capital structure and past operations history. Operating Profit is a more precise way of measuring economic variations due to operating experience and seasonal fluctuations and allows for the comparison of ski areas with varying capital structures.

32. Utilization-is measured in percent of capacity. Capacity is the product of a ski area's capacity times its days of operation. Utilization compares actual skier visits to calculated ceiling season capacity.

33. Capital Cost (GFA)/Capacity Ratio--is the ratio between the cost to construct the ski area and its ability to handle skiers. As such for any given point in time it is a rough measure of the site and design efficiency.

34. Operating Cost/Capacity Ratio--is the ratio between cash operating costs (excluding depreciation and interest) and the ceiling season [illegible]ier capacity (ski area capacity times length of season). Note that [illegible]e methods

used in the presentation of the average area's income statement exclude any and all direct operating expenses for supporting departments that they too are excluded from this ratio. This ratio is a measure of the operating efficiency of a ski area. It is expressed in dollars per skier visit of seasonal capacity.

35. Total Revenue Per Skier Visit--is the gross dollars actually received from each skier for each visit from ski lifts ticket sales, plus the net margin from each supporting activity. It is calculated by dividing total revenue by actual skier visits.

36. Days/nights of Operation--is measured in "equivalent" days/nights where full weight is given to days and nights where all facilities are open; 75 percent to days where less than full but more than one-half of the mountain is open and skiable; and 25 percent to days where less than half of the mountain is open and skiable.

APPENDIX D

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